



NORTHERN TERRITORY GOVERNMENT

2016-17

TREASURER'S ANNUAL FINANCIAL REPORT





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TREASURER'S ANNUAL FINANCIAL REPORT

for the year ended 30 June 2017

The Treasurer's Annual Financial Report for 2016-17 has been prepared to provide an informative, comprehensive and clear report of the Northern Territory Government's financial outcomes. It includes the Treasurer's Annual Financial Statement prepared in accordance with section 9 of the *Financial Management Act* and section 16 of the *Fiscal Integrity and Transparency Act*, and also includes unaudited information. In order to distinguish between the audited schedules and the other material, all schedules have been marked accordingly.

NICOLE MANISON

11 October 2017

Published by the Department of Treasury and Finance

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ISSN 2201-2125 (print)

ISSN 2201-2133 (online)

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2016-17 Treasurer's Annual Financial Report

The financial statements and supplementary tables presented in the 2016-17 Treasurer's Annual Financial Report (TAFR) have been prepared in accordance with Australian Accounting Standards.

Uniform Presentation Framework (UPF) financial statements (Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, and Cash Flow Statement) have been provided for each sector. These sectors are: general government; public non financial corporations; non financial public sector; public financial corporations; and total public sector. TAFR is presented in two sections: one audited and the other unaudited. The overview presented in this report predominantly details variations in the non financial public sector since the 2016-17 Budget and presents the Government's fiscal strategy outcomes.

Audited Section

TAFR complies with the Australian Accounting Standards, in particular AASB 1049 Whole of Government and General Government Sector Financial Reporting, and the UPF, and is consistent with the requirements of the *Fiscal Integrity and Transparency Act* and *Financial Management Act*.

The audited section of TAFR includes financial statements by sector with notes provided for the general government sector and the total public sector.

Comparative data is provided for 2015-16 in both the financial statements and notes to the financial statements. The 2015-16 comparatives have been restated, predominantly to reflect changes to asset and liability balances compared to those published in the 2015-16 TAFR. Further information on the restatements are provided later in this chapter and in Note 44 of the financial statements.

Unaudited Section

The unaudited section includes a summary table outlining appropriation changes through the year, by agency. Following this is an explanation of significant variations in appropriation for each agency.

The section also provides additional tables required by the UPF relating to: taxes; grant revenue; grant expenses; dividend and income tax equivalents; purchases of non financial assets for the general government sector; and Loan Council Allocation for 2016-17 for the non financial public sector.

Explanations regarding significant variations between the original budget and actual results for both operating revenue and expenses are disclosed in agency financial statements in agency annual reports.

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Ministerial Portfolio Arrangements

This schedule of Ministerial Portfolio Arrangements details the ministerial responsibilities for individual areas of Government as at 30 June 2017 (drawn from the Administrative Arrangements Order of 12 September 2016).

Ministerial Portfolio Arrangements as at 30 June 2017

Minister	Portfolio
The Hon. M. P. F. Gunner, MLA	Chief Minister
	Minister for Aboriginal Affairs
	Minister for Northern Australia
	Minister for Police, Fire and Emergency Services
	Minister for Trade, Business and Innovation
The Hon. N. S. Manison, MLA	Minister for Children
	Treasurer
The Hon. N. K. Fyles, MLA	Minister for Infrastructure, Planning and Logistics
	Attorney-General and Minister for Justice
The Hon. G. F. McCarthy, MLA	Minister for Health
	Minister for Housing and Community Development
	Minister for Essential Services
	Minister for Public Employment
The Hon. K. E. Vowles, MLA	Minister for Primary Industry and Resources
The Hon. L. J. Moss, MLA	Minister for Environment and Natural Resources
	Minister for Tourism and Culture
	Minister for Corporate and Information Services
The Hon. E. D. Lawler, MLA	Minister for Education
The Hon. D. S. Wakefield, MLA	Minister for Territory Families

Overview

The Treasurer's Annual Financial Report (TAFR) presents the Territory's financial results for 2016-17 as required by the *Fiscal Integrity and Transparency Act* (FITA). The TAFR also satisfies reporting requirements as specified by accounting standards to include explanations of major variances between actual end of year amounts as presented in the financial statements and the corresponding original budget amounts. Accordingly, the analysis in this chapter predominantly provides an assessment of the 2016-17 outcome compared to the Budget published in May 2016.

The final outcome for 2016-17 is a fiscal deficit of \$548 million for the non financial public sector, which is an improvement of \$245 million compared to the original Budget published in May 2016.

Although the fiscal outcome for the Territory improved during 2016-17, in absolute terms the outcome is characterised by constrained revenues and the Government's commitment to increase infrastructure spending to support the economy.

The key factors contributing to the improved fiscal balance outcome since May 2016 are:

- lower than anticipated capital spending reflecting revised timing of the delivery of projects (\$433 million), partially offset by
- lower GST revenue (\$105 million)
- new funding decisions combined with additional demand for government services (\$45 million).

The improved 2016-17 fiscal balance has had a flow-on effect to improvements in net debt and net debt to revenue ratios, since May 2016.

Table 1 sets out the key fiscal outcomes for the general government and non financial public sectors in 2016-17 compared to 2015-16, the original 2016-17 Budget (May 2016) and the 2016-17 Estimate (May 2017).

The key fiscal aggregates of the 2016-17 outcome are:

- a general government net operating deficit of \$77 million
- a non financial public sector fiscal balance deficit of \$548 million
- net debt for the non financial public sector of \$2271 million with a ratio of net debt to revenue of 35 per cent.

Table 1: Key Fiscal Aggregates

	2015-16 Outcome	2016-17 Budget	2016-17 Estimate	2016-17 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Net operating balance – GGS	286	70	- 50	- 77	- 147
Fiscal balance – NFPS	- 114	- 794	- 552	- 548	245
Net debt – NFPS	1 825	2 707	2 358	2 271	- 437
Net debt to revenue – NFPS (%)	27	41	36	35	- 6

GGS: general government sector; NFPS: non financial public sector

In the 2016-17 Treasurer's Annual Financial Statements (TAFS), the amounts presented for 2015-16 have been adjusted to reflect retrospective corrections and restatements to account balances in accordance with accounting standards, and therefore do not exactly match those presented in the 2015-16 TAFS.

During 2016-17, a fixed asset rectification project was undertaken by Power and Water Corporation (PWC) and its subsidiary Indigenous Essential Services Pty Ltd (IES), to resolve issues in its financial statements that led to the Auditor-General issuing a disclaimer of opinion in the 2014-15 TAFS and a qualified opinion in the 2015-16 TAFS, on the public financial corporation sector, non financial public sector and the total public sector statements. As a result, property, plant and equipment balances have been adjusted retrospectively as required by accounting standards, resulting in a change to the 2014-15 asset base, with the variances flowing through and requiring restatement of certain balances for 2015-16.

Other restatements affecting 2015-16 include the revised treatment of rent received in advance by the Top End Health Service and the uplift in fair value of the loan receivable in relation to the AustralAsia Railway.

Table 2 sets out the key fiscal aggregates for the original 2015-16 outcome and the restated 2015-16 outcome.

Table 2: Effect of 2015-16 Restatements on Key Fiscal Aggregates

	2015-16 Original outcome	2015-16 Restated outcome	Variation
	\$M	\$M	\$M
Net operating balance – GGS	293	286	- 7
Fiscal balance – NFPS	- 78	- 114	- 36
Net debt – NFPS	1 850	1 825	- 25
Net debt to revenue – NFPS (%)	27	27	

GGS: general government sector; NFPS: non financial public sector

As shown in Table 2, the restated 2015-16 outcome represents modest change to the key fiscal aggregates as published in the 2015-16 TAFR. Further details on the effect of restatements are provided in Note 44 of the financial statements, with all tables in this chapter reflecting the restated balances for 2015-16.

Operating Statement Aggregates

Table 3: Operating Statement Aggregates

	2015-16 Outcome	2016-17 Budget	2016-17 Estimate	2016-17 Outcome	Variation on Budget
	\$M	\$M	\$M	\$M	\$M
Net operating balance – GGS	286	70	- 50	- 77	- 147
Fiscal balance – NFPS	- 114	- 794	- 552	- 548	245

GGS: general government sector; NFPS: non financial public sector

Net Operating Balance

As shown in Table 3, the 2016-17 general government sector net operating balance was a deficit of \$77 million, a \$147 million deterioration from the estimate published in the May 2016 Budget. This is primarily due to:

- a reduction in GST revenue of \$105 million as a result of lower national GST collections and a lower share of national population for the Territory
- \$45 million in net new funding decisions combined with additional demand for government services.

Fiscal Balance

The general government sector excludes public non financial corporations such as the PWC, Jacana Energy and Territory Generation. The fiscal balance measure is assessed at the non financial public sector level to ensure the financial performance of these entities are reflected in the Government's fiscal targets. The fiscal balance is a more complete measure of a jurisdiction's financial performance as it takes into account net capital spending.

As shown in Table 3, the fiscal balance in 2016-17 is a deficit of \$548 million, a \$245 million improvement from the original 2016-17 Budget and a small improvement from the 2016-17 Estimate. Although the fiscal balance incorporates the flow-on effect of the worsened general government operating balance, this has been more than offset by lower levels of infrastructure spending than projected as a result of the revised timing of capital projects.

Policy and Non-Policy Changes since 2016-17 Budget

Table 4 summarises the effect of policy and non-policy changes on the non financial public sector's fiscal balance since the 2016-17 Budget. Policy variations are the result of government decisions to implement new or expanded agency programs, savings and efficiency measures. Non-policy variations are due to influences outside of the Government's control, such as the timing of receipts from the Commonwealth, or changes in economic parameters.

Table 4: Non Financial Public Sector Fiscal Balance – Policy and Non-Policy Variations

	Fiscal balance
	\$M
2016-17 Budget	- 793.8
Policy changes	- 0.2
Non-policy changes	245.6
2016-17 Outcome	- 548.4

Table 4 demonstrates that non-policy variations are the main contributors to the improved fiscal balance outcome for 2016-17. Details of policy and non-policy variations are discussed in further detail below.

Policy Changes since 2016-17 Budget

Table 5 highlights the effect of policy changes on the non financial public sector fiscal balance since the original 2016-17 Budget.

Table 5: Policy Changes since the Original 2016-17 Budget

	\$M
Recurrent commitments	- 73.6
Capital commitments	47.3
Savings and contingency measures	29.0
Revenue measures	- 2.8
Total variations	- 0.2

As demonstrated in Table 5, policy decisions, in total, have had minimal effect on the 2016-17 fiscal outcome since May 2016, with additional recurrent commitments and revenue measures predominantly offset by savings and efficiency measures and revised timing of capital commitments in 2016-17.

Recurrent commitments include decisions made by the former Government, combined with election commitments and additional policy decisions of the new Government. These are partially reduced

by the revised timing of policy-related expenditure from 2016-17 to forward years, and budget improvement measures. Key commitments include:

- \$30 million for Indigenous essential services
- \$15.5 million for additional school resourcing
- \$15 million to fund the rising cost of out of home care and support youth justice reforms
- \$10 million for remote and urban public housing repairs and maintenance
- \$3 million in immediate works grants.

The reduction in capital commitments of \$47.3 million relate to the revised timing of expenditure on policy decisions, predominantly for the Health Core Clinical Systems Renewal program moving from 2016-17 to 2017-18 to align with contractual arrangements, and other minor timing changes.

As identified in the 2017-18 Budget, the revenue-related policy changes implemented since the 2016-17 Budget include:

- Government's election commitment to introduce a first home buyer stamp duty discount resulting in stamp duty collections being \$4.8 million lower in 2016-17
- ceasing the \$10 000 one-off grant for conveyance stamp duty resulting in an additional \$2 million in stamp duty collections in 2016-17.

Non-Policy Changes since 2016-17 Budget

Table 6 highlights the effect of non-policy changes to the non financial public sector fiscal balance since the original 2016-17 Budget.

Table 6: Non-Policy Changes since the Original 2016-17 Budget

	\$M
GST revenue	- 105.5
Taxation and mining royalties	58.3
Other variations	13.9
Commonwealth and agency-related adjustments	278.9
Total variations	245.6

Non-policy variations since the 2016-17 Budget have resulted in a \$245.6 million improvement to the 2016-17 fiscal balance. Key variations include:

- a reduction in GST revenue of \$105.5 million as a result of lower national GST collections and the Territory having a lower share of national population
- increased taxation and mining royalties of \$58.3 million, of which \$27.3 million was attributable to increases in payroll tax as a result of employment and wages growth, and \$33.7 million in additional mining royalties as a result of an improvement in market conditions, partially offset by lower taxes on gambling and motor vehicle registration fees
- Commonwealth and agency-related adjustments reflecting
 - the revised timing of Territory and Commonwealth-funded capital projects including remote Indigenous housing and various roads programs, partially offset by
 - additional demand pressures primarily related to health, correctional services and community safety.

Consolidated Changes since 2016-17 Budget

Table 7 sets out the consolidated changes in the fiscal balance for the non financial public sector since the original 2016-17 Budget.

Table 7: Policy and Non-Policy Changes to the Fiscal Balance since the Original 2016-17 Budget

	\$M
2016-17 Budget fiscal balance	- 793.8
Effect of policy decisions	
Revenues	- 2.8
Expenses	- 44.6
Capital	47.3
Total policy decisions	- 0.2
Effect of non-policy decisions and other variations	
Revenues	- 105.3
Expenses	- 34.4
Capital	385.3
Total non-policy decisions and other variations	245.6
Total variations	245.4
2016-17 fiscal balance outcome	- 548.4

Balance Sheet Aggregates

Table 8 presents the key asset and liability aggregates for the non financial public sector for the 2015-16 outcome, the 2016-17 original Budget (May 2016), the 2016-17 Estimate (May 2017) and the 2016-17 Outcome.

Table 8: Non Financial Public Sector – Balance Sheet

	2015-16 Outcome	2016-17 Budget	2016-17 Estimate	2016-17 Outcome	Variation on outcome
	\$M	\$M	\$M	\$M	\$M
Total assets	20 685	21 083	20 733	21 426	741
Financial assets	3 538	2 755	2 927	3 002	- 536
Non financial assets	17 147	18 328	17 806	18 423	1 276
Total liabilities	11 012	10 227	10 705	10 361	- 651
Net worth	9 672	10 857	10 028	11 065	1 392
Net debt	1 825	2 707	2 358	2 271	446
Net debt to revenue (%)	27	41	36	35	8

Net worth in 2016-17 is \$11 065 million, \$1392 million higher than the 2015-16 outcome, driven by a \$741 million increase in assets combined with a reduction in liabilities of \$651 million.

The increase in total assets since 2015-16 is due to an increase in non financial assets of \$1276 million, partially offset by a decrease in financial assets of \$536 million. The increase in non financial assets is predominantly due to a \$525 million revaluation increment on remote dwellings, combined with an increase in the value of power and water utility assets in 2016-17. The 2016-17 fiscal balance deficit of \$548 million is the primary contributor to the decrease in financial assets.

Total liabilities in 2016-17 amounted to \$10 361 million compared to liabilities of \$11 012 million in 2015-16. The \$651 million reduction in liabilities is largely due to a decrease in the superannuation liability of \$588 million, net reduction in borrowings of \$48 million, and other liabilities of \$66 million that includes the Motor Accidents Compensation Commission (MACC) outstanding claims liability. These decreases are partially offset by an increase in employee benefits and deposits held.

As discussed in previous reports, accounting standards require governments to value their superannuation liability using the Commonwealth's 10-year bond rate at the time of reporting. In June 2016 the bond rate was 2.0 per cent, but increased to 2.7 per cent at 30 June 2017, which mainly accounts for the decrease in the liability to \$3676 million in 2016-17 compared to \$4264 million recorded in 2015-16.

Based on the most recent actuarial reviews, the Territory's superannuation liabilities are forecast to peak in 2017 with superannuation payments forecast to peak around 2026.

The Territory is unable to influence the level of its future superannuation liabilities. The schemes to which the liabilities relate are closed and any variation to the liability is a result of factors outside the Territory's control such as longevity of members or long-term bond rates, which affect the valuation.

The decrease in the MACC claims liability is as a result of changes in actuarial assumptions on the valuation of outstanding claims liabilities, including changes in interest rates and improvements in claims development and handling expenses, resulting in a reduction of \$58.7 million to the liability from 2015-16.

Non financial public sector net debt comprises both the net debt of the general government and public non financial corporation sectors. Net debt for the non financial public sector is \$2271 million, \$446 million more than the 2015-16 outcome, predominantly due to the 2016-17 fiscal deficit.

As a result of the above, when measured as a ratio to revenue, net debt is now 35 per cent in 2016-17, 8 percentage points more than the 27 per cent recorded in 2015-16, although an improvement of 6 percentage points since the 2016-17 original Budget.

Fiscal Strategy

The fiscal strategy is an essential element of budget planning and accountability and provides the basis against which policy decisions can be assessed. The Territory's fiscal strategy was substantially revised in preparing the 2017-18 Budget to take into account subdued national and Territory economic conditions, falling GST revenue and the Government's commitment to increase investment spending to support jobs and stimulate the Territory economy. The revised fiscal strategy was developed with both a short-term and medium-term focus.

Analysis in previous sections of this report compares the 2016-17 outcome with the original Budget. However, as the original Budget was premised on the former government's fiscal strategy, it is more appropriate to assess the 2016-17 outcome against the revised estimate published in the 2017-18 Budget that was developed based on the new Government's strategy. Accordingly, the analysis in this section is an assessment of the 2016-17 outcome compared to the May 2017 estimate of the Government's short-term fiscal objectives.

Sustainable Service Provision

Short-term target: Maintain an improving operating position over the budget cycle by ensuring growth in general government operating expenses is declining in real terms

The Government's over-arching target of sustainable service provision is to achieve a general government sector net operating surplus. Given the Territory's limited own-source revenue base and reliance on Commonwealth revenues, which represent around 70 per cent of total revenues, the Territory has limited ability to influence the level of revenue it is able to generate. However it can directly influence the level of expenditure.

In order to achieve this aim the 2017-18 Budget contains a number of savings and contingency measures totalling \$789 million over the budget cycle to minimise growth in operating expenditure, including \$29 million in 2016-17. As this element of the fiscal strategy relates to the performance of the operating position and expenditure growth over the budget cycle from 2017-18, a complete assessment of this measure cannot yet be determined.

For 2016-17, although the net operating balance outcome is a deficit of \$77 million, Table 9 shows total operating expenses were largely in line with that projected in May 2017 when the new fiscal strategy was introduced.

Table 9: General Government Sector – Total Operating Expenses

	2016-17 Estimate	2016-17 Outcome	Variation
	\$M	\$M	\$M
Total operating expenses	5 961	5 971	10

Infrastructure for Economic and Community Development

Short-term target: Stimulate the economy by maintaining general government sector infrastructure spending to at least twice the level of depreciation on average over the immediate Budget cycle to 2020

The short-term fiscal strategy target of maintaining general government sector infrastructure spending to at least twice the level of depreciation was developed to counter the Territory's subdued economic conditions by supporting economic activity.

This strategy was premised on the expectation that, when economic growth returns to long-term trends, the need for increased government investment in infrastructure would abate to make way for private sector investment. Accordingly, the medium-term strategy will be to maintain infrastructure spending at least equal to depreciation charges.

As shown in Table 10, although the strategy takes effect from 2017-18, capital investment in 2016-17 exceeded the target at 2.7 times depreciation levels.

Table 10: General Government Sector – Capital Investment to Depreciation Ratio

	2016-17 Estimate	2016-17 Outcome	Variation
Total capital investment (\$M)	1 013	899	- 114
Depreciation (\$M)	337	335	- 2
Capital investment to depreciation ratio	3.0	2.7	- 0.3

The reduction of \$114 million in capital investment compared to the May 2017 estimate reflects the revised timing of Territory and Commonwealth-funded capital works projects including remote Indigenous housing, various roads programs, and delivery of the Health Core Clinical Systems Renewal program.

Competitive Tax Environment

Target: Maintain a competitive tax environment that encourages investment, creates jobs and attracts business to the Territory, while raising sufficient revenue to contribute to funding government's service delivery requirements

This element of the fiscal strategy aims to maintain taxation at levels that are competitive with other jurisdictions, encourage increased levels of business activity in the Territory while ensuring sufficient levels of own-source revenue to contribute to government service delivery.

The Commonwealth Grants Commission's (CGC) analysis of tax effort assesses the extent to which a particular jurisdiction's capacity to raise revenue is above or below the Australian average of 100 per cent. This measure is a lagging indicator as the CGC updates the information annually based on the actual outcome of the previous year. The Territory's taxation effort has deteriorated from 103 per cent in 2014-15 to 85 per cent in 2015-16, the latest year assessed by the CGC. This deterioration is reflective of large one-off stamp duty receipts in 2014-15. Given the Territory's current economic conditions, it is expected that the Territory's taxation effort will remain largely unchanged in the next CGC update.

Prudent Management of Debt and Liabilities

Short-term target: Achieve an improving fiscal balance at the non financial public sector over the budget cycle

The fiscal balance provides a more complete measure of the Territory's overall financial position as it encompasses all the operating costs included in the operating balance but takes into account the change in net physical assets and the commercial activities of the government owned corporations. A fiscal surplus indicates that a government has sufficient capacity to finance all its capital spending.

During the current subdued economic conditions, the short-term strategy is to achieve an improving fiscal balance over the budget cycle to minimise any further increase in net debt.

As this element of the fiscal strategy is the performance of the fiscal balance over the budget cycle from 2017-18, a complete assessment of this measure cannot yet be determined. However, Table 11 shows the fiscal balance for 2016-17 is a deficit of \$548 million, largely in line with that projected in May 2017.

Table 11: Non Financial Public Sector – Fiscal Balance

	2016-17 Estimate	2016-17 Outcome	Variation
	\$M	\$M	\$M
Fiscal balance	- 552	- 548	4

The associated medium to long-term element of this strategy is for the Territory's non financial public sector net debt, as a percentage of revenue, to return to the long-term average of 40 per cent. At 30 June 2017, the net debt to revenue ratio for the non financial public sector was 35 per cent, below the long-term average target. However, based on May 2017 forecasts net debt to revenue is set to rise to 87 per cent by 2020-21.

Conclusion

The 2016-17 fiscal outcome is largely in line with most recent projections contained in the May 2017 Budget. However, the deficit outcome and continuing deficits projected over the budget cycle to 2020-21 present immediate challenges to the Government in achieving its fiscal objectives.

Despite a range of budget improvement measures introduced as part of the 2017-18 Budget, without a significant improvement in revenues, fiscal deficits and increasing debt appear unavoidable in the short term. However, Government is committed to setting a path for the budget to return to a surplus by avoiding structural deficits through limiting expenditure growth.

Treasurer's Annual
Financial Statements
(Audited)



Auditor-General
Independent Auditor's Report to the Treasurer
Treasurer's Annual Financial Statements
Year Ended 30 June 2017
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Opinion

I have audited the accompanying Treasurer's Annual Financial Statements ("the Financial Report") of the Northern Territory Government, which comprises a balance sheet as at 30 June 2017, a comprehensive operating statement, a statement of changes in equity and a cash flow statement for the year then ended, for each of the General Government Sector, Public Non Financial Corporation Sector, Non Financial Public Sector, Public Financial Corporation Sector and Total Public Sector, and notes comprising a summary of significant accounting policies and other explanatory information for the General Government Sector and Total Public Sector, and the Certification by the Treasurer.

In my opinion, the Treasurer's Annual Financial Report gives a true and fair view of the financial position of the General Government Sector, Public Non Financial Corporation Sector, Non Financial Public Sector, Public Financial Corporation Sector and Total Public Sector as at 30 June 2017 and of their performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the financial reporting requirements of the *Financial Management Act* and the *Fiscal Integrity and Transparency Act*.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Northern Territory Government in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The Treasurer is responsible for the other information. The other information comprises the information included in the Treasurer's Annual Financial Report for the year ended 30 June 2017.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



Auditor-General

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Responsibilities of the Treasurer for the Financial Report

The Treasurer is responsible for the preparation and fair presentation of the financial report in accordance with *Australian Accounting Standards* and for such internal control as the Treasurer determines is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Treasurer is responsible for assessing the Northern Territory Government's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Treasurer either intends to liquidate the Northern Territory Government or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Treasurer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Auditor-General

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group's audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

A handwritten signature in cursive script, appearing to read 'Julie Crisp'.

Julie Crisp
Auditor-General for the Northern Territory

Darwin, Northern Territory

12 October 2017

General Government Sector

Comprehensive Operating Statement

	Notes	2016-17 \$000	2015-16 Restated \$000
REVENUE FROM CONTINUING OPERATIONS			
Taxation revenue	2	609 807	608 424
Current grants	3	4 195 824	4 351 430
Capital grants	4	301 303	331 203
Sales of goods and services	5	366 335	435 521
Interest income		97 154	101 785
Dividend and income tax equivalent income	6	76 458	97 324
Other revenue	7	247 571	275 418
TOTAL REVENUE FROM CONTINUING OPERATIONS		5 894 451	6 201 106
<i>less</i> EXPENSES FROM CONTINUING OPERATIONS			
Employee benefits expense		2 267 162	2 153 697
Superannuation expenses			
Superannuation interest cost		82 617	111 465
Other superannuation expenses		231 166	231 857
Depreciation and amortisation		335 476	322 587
Other operating expenses	8	1 416 655	1 440 410
Interest expenses		211 969	234 918
Other property expenses		2 077	2 002
Current grants	9	1 025 742	949 688
Capital grants	10	125 741	250 610
Subsidies and personal benefit payments	11	272 838	220 056
TOTAL EXPENSES FROM CONTINUING OPERATIONS		5 971 443	5 917 290
TRANSACTIONS FROM DISCONTINUING OPERATIONS	12		2 294
<i>equals</i> NET OPERATING BALANCE		- 76 992	286 110
<i>plus</i> Other economic flows – included in operating result	13	65 808	- 144 509
<i>plus</i> Other economic flows – included in operating result – discontinued operations	13		100 221
<i>equals</i> OPERATING RESULT		- 11 184	241 823
<i>plus</i> Other economic flows – other comprehensive income	13	1 403 457	- 415 864
<i>plus</i> Other economic flows – other comprehensive income – discontinued operations	13		88 037
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners		1 392 273	- 86 004
NET OPERATING BALANCE		- 76 992	286 110
<i>less</i> Net acquisition of non financial assets			
Purchases of non financial assets		773 652	741 740
Sales of non financial assets		- 49 304	- 48 610
<i>less</i> Depreciation	23, 25, 27	335 476	322 587
<i>plus</i> Change in inventories		161	1 923
<i>plus</i> Other movements in non financial assets		343	- 56 026
<i>equals</i> Total net acquisition of non financial assets		389 375	316 441
<i>equals</i> FISCAL BALANCE		- 466 367	- 30 330

General Government Sector

Balance Sheet

	Notes	2016-17 \$000	2015-16 Restated \$000
ASSETS			
Financial assets			
Cash and deposits	16	283 962	623 654
Advances paid	18	171 358	177 967
Investments, loans and placements	19	2 074 854	2 206 762
Receivables	20	368 886	380 703
Equity			
Investments in other public sector entities		2 236 380	2 027 718
Investments – other			
Other financial assets	21	17 387	16 249
Total financial assets		5 152 827	5 433 053
Non financial assets			
Inventories	22	13 631	13 470
Property, plant and equipment	23, 28	14 695 222	13 680 291
Investment property	24, 28	103 495	110 694
Intangible assets	25, 28	1	1
Assets held for sale	26, 28	16 832	26 141
Other non financial assets	27, 28	122 371	122 577
Total non financial assets		14 951 551	13 953 174
TOTAL ASSETS		20 104 378	19 386 227
LIABILITIES			
Deposits held	29	416 857	361 349
Advances received	30	281 881	293 464
Borrowing	31	2 992 613	3 097 390
Superannuation	32	3 676 153	4 263 850
Other employee benefits	33	623 960	591 873
Payables	34	208 370	206 484
Other liabilities	35	839 925	899 470
TOTAL LIABILITIES		9 039 759	9 713 880
NET ASSETS		11 064 620	9 672 346
Contributed equity			
Accumulated surplus		2 487 939	1 920 268
Reserves	37	8 576 681	7 752 078
NET WORTH		11 064 620	9 672 346
NET FINANCIAL WORTH ¹		- 3 886 932	- 4 280 828
NET FINANCIAL LIABILITIES ²		6 123 312	6 308 546
NET DEBT³		1 161 177	743 821

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

General Government Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2016-17					
Accumulated funds		1 920 268	- 11 184		1 909 084
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			18 331		18 331
Dividends paid/payable					
Other movements directly to equity			560 523		560 523
Total accumulated funds		1 920 268	567 671		2 487 939
Reserves	37				
Asset revaluation surplus		6 338 423	630 112		6 968 534
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus		1 395 704	193 662		1 589 366
Other reserves		17 952	829		18 781
Total reserves		7 752 078	824 602		8 576 681
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		9 672 346	1 392 273		11 064 620
2015-16 Restated					
Accumulated funds		1 963 100	241 823		2 204 923
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			113 326		113 326
Dividends paid/payable					
Other movements directly to equity			- 397 982		- 397 982
Total accumulated funds		1 963 100	- 42 832		1 920 268
Reserves	37				
Asset revaluation surplus		6 172 892	165 531		6 338 423
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus		1 621 728	- 226 024		1 395 704
Other reserves		631	17 321		17 952
Total reserves		7 795 250	- 43 172		7 752 078
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		9 758 351	- 86 004		9 672 346

General Government Sector

Cash Flow Statement

	Notes	2016-17 \$000	2015-16 Restated \$000
Cash receipts from operating activities			
Taxes received		601 374	588 601
Receipts from sales of goods and services		378 924	453 702
Grants and subsidies received		4 497 127	4 683 836
Interest receipts		98 825	100 043
Dividends and income tax equivalents		86 106	100 194
Other receipts		496 194	492 586
Total operating receipts		6 158 549	6 418 963
Cash payments for operating activities			
Payments for employees		- 2 562 431	- 2 488 601
Payment for goods and services		- 1 668 348	- 1 664 840
Grants and subsidies paid		- 1 413 020	- 1 355 615
Interest paid		- 211 979	- 234 986
Other payments		- 9 357	- 26 321
Total operating payments		- 5 865 135	- 5 770 363
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	293 414	648 600
Cash flows from investments in non financial assets			
Sales of non financial assets		49 304	48 610
Purchases of non financial assets		- 774 627	- 744 604
Net cash flows from investments in non financial assets		- 725 323	- 695 995
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS		- 431 908	- 47 395
Net cash flows from investments in financial assets for policy purposes ¹		- 14 173	421 932
Net cash flows from investments in financial assets for liquidity purposes		168 917	176 303
NET CASH FLOWS FROM INVESTING ACTIVITIES		- 570 579	- 97 759
Net cash flows from financing activities			
Advances received (net)		- 11 583	- 32 851
Borrowing (net)		- 106 452	- 616 961
Deposits received (net)		55 508	112 251
Other financing (net)			
NET CASH FLOWS FROM FINANCING ACTIVITIES		- 62 527	- 537 561
NET INCREASE (+)/DECREASE (-) IN CASH HELD		- 339 692	13 280
Net cash flows from operating activities		293 414	648 600
Net cash flows from investments in non financial assets		- 725 323	- 695 995
CASH SURPLUS (+)/DEFICIT (-)		- 431 908	- 47 395
Future infrastructure and superannuation contributions/earnings ²		- 31 773	- 22 263
UNDERLYING SURPLUS (+)/DEFICIT (-)		- 463 682	- 69 658
Additional information to the Cash Flow Statement			
CASH SURPLUS (+)/DEFICIT (-)		- 431 908	- 47 395
Acquisitions under finance leases and similar arrangements		- 1 692	- 3 114
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements		- 433 601	- 50 509

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Public Non Financial Corporation Sector

Comprehensive Operating Statement

	2016-17	2015-16 Restated
	\$000	\$000
REVENUE FROM CONTINUING OPERATIONS		
Current grants	191 766	157 308
Capital grants	48 758	97 626
Sales of goods and services	635 129	648 787
Interest income	3 314	3 789
Other revenue	35 719	54 890
TOTAL REVENUE FROM CONTINUING OPERATIONS	914 686	962 399
<i>less</i> EXPENSES FROM CONTINUING OPERATIONS		
Employee benefits expense	115 644	111 690
Superannuation expenses	17 605	15 781
Depreciation and amortisation	194 414	214 000
Other operating expenses	489 570	487 878
Interest expenses	64 731	66 632
Other property expenses	42 571	54 487
Current grants		
Capital grants		2 487
Subsidies and personal benefit payments	1 210	1 578
TOTAL EXPENSES FROM CONTINUING OPERATIONS	925 746	954 531
TRANSACTIONS FROM DISCONTINUING OPERATIONS		- 355
<i>equals</i> NET OPERATING BALANCE	- 11 060	7 513
<i>plus</i> Other economic flows – included in operating result	- 31 637	- 63 620
<i>plus</i> Other economic flows – included in operating result – discontinued operations		- 31 906
<i>equals</i> OPERATING RESULT	- 42 697	- 88 014
<i>plus</i> Other economic flows – other comprehensive income	249 926	- 150 938
<i>plus</i> Other economic flows – other comprehensive income – discontinued operations		31 906
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	207 229	- 207 046
NET OPERATING BALANCE	- 11 060	7 513
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets	237 359	251 730
Sales of non financial assets	- 707	- 318
<i>less</i> Depreciation	194 414	214 000
<i>plus</i> Change in inventories	- 545	- 381
<i>plus</i> Other movements in non financial assets	15 672	35 024
<i>equals</i> Total net acquisition of non financial assets	57 364	72 055
<i>equals</i> FISCAL BALANCE	- 68 425	- 64 543

Public Non Financial Corporation Sector

Balance Sheet

	2016-17 \$000	2015-16 Restated \$000
ASSETS		
Financial assets		
Cash and deposits	268 728	240 290
Advances paid		
Investments, loans and placements		
Receivables	106 991	162 056
Equity	3	2
Other financial assets		
Total financial assets	375 722	402 349
Non financial assets		
Inventories	184 325	184 870
Property, plant and equipment	3 257 215	2 977 299
Investment property		
Intangible assets	30 270	31 558
Assets held for sale		
Other non financial assets	67	68
Total non financial assets	3 471 877	3 193 795
TOTAL ASSETS	3 847 599	3 596 144
LIABILITIES		
Deposits held	1 700	1 329
Advances received		
Borrowing	1 376 512	1 320 120
Superannuation		
Other employee benefits	59 101	56 555
Payables	111 307	114 921
Other liabilities	84 229	97 130
TOTAL LIABILITIES	1 632 849	1 590 056
NET ASSETS	2 214 750	2 006 087
Contributed equity	628 300	613 300
Accumulated surplus	758 001	716 918
Reserves	828 449	675 869
TOTAL EQUITY	2 214 750	2 006 087
NET FINANCIAL WORTH ¹	- 1 257 127	- 1 187 708
NET DEBT²	1 109 484	1 081 159

1 Net financial worth equals total financial assets minus total liabilities.

2 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Public Non Financial Corporation Sector

Statement of Changes in Equity

	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2016-17				
Accumulated funds	716 918	- 42 697		674 221
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves		95 838		95 838
Dividends paid/payable			- 13 567	- 13 567
Other movements directly to equity		1 508		1 508
Total accumulated funds	716 918	54 649	- 13 567	758 001
Reserves				
Asset revaluation surplus	675 869	152 580		828 449
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
Total reserves	675 869	152 580		828 449
Capital – transactions with owners	613 300			613 300
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections			15 000	15 000
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners	613 300		15 000	628 300
TOTAL EQUITY AT END OF FINANCIAL YEAR	2 006 087	207 229	1 433	2 214 750
2015-16 Restated				
Accumulated funds	812 738	- 88 014		724 724
Changes in accounting policy				
Correction of prior period errors		- 38 751		- 38 751
Transfers from reserves		56 357		56 357
Dividends paid/payable			- 18 978	- 18 978
Other movements directly to equity		- 6 433		- 6 433
Total accumulated funds	812 738	- 76 842	- 18 978	716 918
Reserves				
Asset revaluation surplus	806 074	- 130 205		675 869
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
Total reserves	806 074	- 130 205		675 869
Capital – transactions with owners	711 670			711 670
Equity injections				
Capital appropriation				
Equity transfers in			93 542	93 542
Other equity injections			160 221	160 221
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals			94 853	94 853
Equity transfers out			257 280	257 280
Total capital – transactions with owners	711 670		- 98 369	613 300
TOTAL EQUITY AT END OF FINANCIAL YEAR	2 330 481	- 207 046	- 117 348	2 006 087

Public Non Financial Corporation Sector

Cash Flow Statement

	2016-17	2015-16 Restated
	\$000	\$000
Cash receipts from operating activities		
Receipts from sales of goods and services	686 951	634 394
Grants and subsidies received	239 157	253 489
Interest receipts	3 259	3 894
Other receipts	21 082	18 091
Total operating receipts	950 449	909 867
Cash payments for operating activities		
Income tax equivalents paid	- 50 177	- 42 421
Payments for employees	- 142 923	- 130 409
Payment for goods and services	- 453 547	- 352 893
Grants and subsidies paid	- 1 210	- 1 578
Interest paid	- 64 767	- 67 097
Other payments	- 30 421	- 74 445
Total operating payments	- 743 045	- 668 843
NET CASH FLOWS FROM OPERATING ACTIVITIES	207 404	241 024
Cash flows from investments in non financial assets		
Sales of non financial assets	707	318
Purchases of non financial assets	- 237 359	- 251 730
Net cash flows from investments in non financial assets	- 236 651	- 251 412
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 29 247	- 10 388
Net cash flows from investments in financial assets for policy purposes ¹		- 8 237
Net cash flows from investments in financial assets for liquidity purposes		
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 236 651	- 259 649
Net cash flows from financing activities		
Advances received (net)		
Borrowing (net)	54 166	61 486
Deposits received (net)	371	419
Dividends paid	- 11 851	- 21 440
Other financing (net)	15 000	65 369
NET CASH FLOWS FROM FINANCING ACTIVITIES	57 685	105 835
NET INCREASE (+)/DECREASE (-) IN CASH HELD	28 439	87 209
Net cash flows from operating activities	207 404	241 024
Net cash flows from investments in non financial assets	- 236 651	- 251 412
Dividends paid	- 11 851	- 21 440
CASH SURPLUS (+)/DEFICIT (-)	- 41 098	- 31 828
Additional information to the Cash Flow Statement		
CASH SURPLUS (+)/DEFICIT (-)	- 41 098	- 31 828
Acquisitions under finance leases and similar arrangements	- 2 226	- 1 159
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 43 324	- 32 986

¹ Includes equity acquisitions, disposals and privatisations (net).

Non Financial Public Sector

Comprehensive Operating Statement

	2016-17	2015-16 Restated
	\$000	\$000
REVENUE FROM CONTINUING OPERATIONS		
Taxation revenue	598 802	598 147
Current grants	4 195 824	4 354 732
Capital grants	317 733	338 948
Sales of goods and services	928 937	1 007 363
Interest income	97 158	101 573
Dividend and income tax equivalent income	21 366	24 132
Other revenue	279 072	301 320
TOTAL REVENUE FROM CONTINUING OPERATIONS	6 438 891	6 726 215
<i>less</i> EXPENSES FROM CONTINUING OPERATIONS		
Employee benefits expense	2 382 806	2 265 387
Superannuation expenses		
Superannuation interest cost	82 617	111 465
Other superannuation expenses	245 232	242 918
Depreciation and amortisation	529 890	536 587
Other operating expenses	1 822 082	1 840 854
Interest expenses	273 391	297 548
Other property expenses	3 055	1 981
Current grants	963 845	892 350
Capital grants	93 413	139 506
Subsidies and personal benefit payments	144 179	124 965
TOTAL EXPENSES FROM CONTINUING OPERATIONS	6 540 510	6 453 560
TRANSACTIONS FROM DISCONTINUING OPERATIONS		1 990
<i>equals</i> NET OPERATING BALANCE	- 101 619	274 645
<i>plus</i> Other economic flows – included in operating result	34 171	- 208 129
<i>plus</i> Other economic flows – included in operating result – discontinued operations		68 316
<i>equals</i> OPERATING RESULT	- 67 448	134 831
<i>plus</i> Other economic flows – other comprehensive income	1 459 721	- 340 778
<i>plus</i> Other economic flows – other comprehensive income – discontinued operations		119 942
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	1 392 273	- 86 004
NET OPERATING BALANCE	- 101 619	274 645
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets	1 011 010	993 470
Sales of non financial assets	- 50 011	- 48 927
<i>less</i> Depreciation	529 890	536 587
<i>plus</i> Change in inventories	- 384	1 542
<i>plus</i> Other movements in non financial assets	16 015	- 21 002
<i>equals</i> Total net acquisition of non financial assets	446 740	388 496
<i>equals</i> FISCAL BALANCE	- 548 359	- 113 851

Non Financial Public Sector Balance Sheet

	2016-17 \$000	2015-16 Restated \$000
ASSETS		
Financial assets		
Cash and deposits	283 981	623 677
Advances paid	171 358	177 967
Investments, loans and placements	2 074 854	2 206 762
Receivables	433 062	491 505
Equity		
Investments in other public sector entities	21 631	21 631
Investments – other	3	2
Other financial assets	17 387	16 249
Total financial assets	3 002 276	3 537 793
Non financial assets		
Inventories	197 956	198 340
Property, plant and equipment	17 952 437	16 657 590
Investment property	103 495	110 694
Intangible assets	30 271	31 559
Assets held for sale	16 832	26 141
Other non financial assets	122 439	122 646
Total non financial assets	18 423 428	17 146 969
TOTAL ASSETS	21 425 704	20 684 762
LIABILITIES		
Deposits held	149 848	122 412
Advances received	281 881	293 464
Borrowing	4 369 125	4 417 511
Superannuation	3 676 153	4 263 850
Other employee benefits	683 061	648 428
Payables	309 600	309 010
Other liabilities	891 416	957 741
TOTAL LIABILITIES	10 361 084	11 012 416
NET ASSETS	11 064 620	9 672 346
Contributed equity		
Accumulated surplus	3 245 939	2 637 186
Reserves	7 818 680	7 035 160
NET WORTH	11 064 620	9 672 346
NET FINANCIAL WORTH ¹	- 7 358 808	- 7 474 623
NET FINANCIAL LIABILITIES ²	7 380 439	7 496 253
NET DEBT³	2 270 661	1 824 980

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Non Financial Public Sector

Statement of Changes in Equity

	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2016-17				
Accumulated funds	2 637 186	- 67 448		2 569 738
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves		114 170		114 170
Dividends paid/payable				
Other movements directly to equity		562 031		562 031
Total accumulated funds	2 637 186	608 753		3 245 939
Reserves				
Asset revaluation surplus	7 014 292	782 691		7 796 983
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 917			2 917
Other reserves	17 952	829		18 781
Total reserves	7 035 160	783 520		7 818 680
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	9 672 346	1 392 273		11 064 620
2015-16 Restated				
Accumulated funds	2 775 838	134 831		2 910 669
Changes in accounting policy				
Correction of prior period errors		- 38 751		- 38 751
Transfers from reserves		169 683		169 683
Dividends paid/payable				
Other movements directly to equity		- 404 415		- 404 415
Total accumulated funds	2 775 838	- 138 652		2 637 186
Reserves				
Asset revaluation surplus	6 978 965	35 326		7 014 292
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus	2 917			2 917
Other reserves	631	17 321		17 952
Total reserves	6 982 513	52 648		7 035 160
Capital – transactions with owners				
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners				
TOTAL EQUITY AT END OF FINANCIAL YEAR	9 758 350	- 86 004		9 672 346

Non Financial Public Sector

Cash Flow Statement

	2016-17	2015-16 Restated
	\$000	\$000
Cash receipts from operating activities		
Taxes received	589 554	579 446
Receipts from sales of goods and services	990 864	1 008 745
Grants and subsidies received	4 512 190	4 693 438
Interest receipts	98 830	99 831
Dividends and income tax equivalents	24 132	36 129
Other receipts	515 706	509 971
Total operating receipts	6 731 276	6 927 559
Cash payments for operating activities		
Payments for employees	- 2 693 685	- 2 610 010
Payment for goods and services	- 2 045 231	- 1 937 337
Grants and subsidies paid	- 1 190 136	- 1 113 306
Interest paid	- 273 492	- 297 977
Other payments	- 39 764	- 100 744
Total operating payments	- 6 242 309	- 6 059 375
NET CASH FLOWS FROM OPERATING ACTIVITIES	488 968	868 184
Cash flows from investments in non financial assets		
Sales of non financial assets	50 011	48 927
Purchases of non financial assets	- 1 011 985	- 996 334
Net cash flows from investments in non financial assets	- 961 974	- 947 407
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 473 006	- 79 223
Net cash flows from investments in financial assets for policy purposes ¹	827	479 064
Net cash flows from investments in financial assets for liquidity purposes	168 917	176 303
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 792 230	- 292 039
Net cash flows from financing activities		
Advances received (net)	- 11 583	- 32 851
Borrowing (net)	- 52 286	- 555 475
Deposits received (net)	27 437	25 454
Other financing (net)		
NET CASH FLOWS FROM FINANCING ACTIVITIES	- 36 433	- 562 872
NET INCREASE (+)/DECREASE (-) IN CASH HELD	- 339 696	13 272
Net cash flows from operating activities	488 968	868 184
Net cash flows from investments in non financial assets	- 961 974	- 947 407
CASH SURPLUS (+)/DEFICIT (-)	- 473 006	- 79 223
Future infrastructure and superannuation contributions/earnings ²	- 31 773	- 22 263
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 504 780	- 101 486
Additional information to the Cash Flow Statement		
CASH SURPLUS (+)/DEFICIT (-)	- 473 006	- 79 223
Acquisitions under finance leases and similar arrangements	- 3 919	- 4 273
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 476 925	- 83 496

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Public Financial Corporation Sector

Comprehensive Operating Statement

	2016-17	2015-16
	\$000	\$000
REVENUE		
Current grants		
Capital grants		
Sales of goods and services	820	820
Interest income	213 749	238 408
Other revenue	2	2
TOTAL REVENUE	214 571	239 230
<i>less</i> EXPENSES		
Employee benefits expense	792	762
Superannuation expenses	93	86
Depreciation and amortisation		
Other operating expenses	1 338	1 420
Interest expenses	190 982	212 830
Other property expenses	6 410	7 240
Current grants		
Capital grants		
Subsidies and personal benefit payments		
TOTAL EXPENSES	199 615	222 338
<i>equals</i> NET OPERATING BALANCE	14 956	16 892
<i>plus</i> Other economic flows – included in operating result		
<i>equals</i> OPERATING RESULT	14 956	16 892
<i>plus</i> Other economic flows – other comprehensive income		
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	14 956	16 892
NET OPERATING BALANCE	14 956	16 892
<i>less</i> Net acquisition of non financial assets		
Purchases of non financial assets		
Sales of non financial assets		
<i>less</i> Depreciation		
<i>plus</i> Change in inventories		
<i>plus</i> Other movements in non financial assets		
<i>equals</i> Total net acquisition of non financial assets		
<i>equals</i> FISCAL BALANCE	14 956	16 892

Public Financial Corporation Sector

Balance Sheet

	2016-17	2015-16
	\$000	\$000
ASSETS		
Financial assets		
Cash and deposits	68 625	39 128
Advances paid	74 350	76 354
Investments, loans and placements	3 907 168	3 963 594
Receivables	5 890	5 899
Equity		
Other financial assets		
Total financial assets	4 056 033	4 084 974
Non financial assets		
Inventories		
Property, plant and equipment		
Investment property		
Intangible assets		
Assets held for sale		
Other non financial assets		
Total non financial assets		
TOTAL ASSETS	4 056 033	4 084 974
LIABILITIES		
Deposits held	312	521
Advances received	216 170	223 273
Borrowing	3 750 213	3 768 272
Superannuation		
Other employee benefits	161	139
Payables	46 179	47 005
Other liabilities	21 368	24 134
TOTAL LIABILITIES	4 034 403	4 063 344
NET ASSETS	21 631	21 631
Contributed equity	18 714	18 714
Accumulated surplus	2 917	2 917
Reserves		
TOTAL EQUITY	21 631	21 631
NET FINANCIAL WORTH¹	21 631	21 631
NET DEBT²	- 83 448	- 87 009

1 Net financial worth equals total financial assets minus total liabilities.

2 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Public Financial Corporation Sector

Statement of Changes in Equity

	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2016-17				
Accumulated funds	2 917	14 956		17 873
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves				
Dividends paid/payable			- 14 956	- 14 956
Other movements directly to equity				
Total accumulated funds	2 917	14 956	- 14 956	2 917
Reserves				
Asset revaluation surplus				
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
Total reserves				
Capital – transactions with owners	18 714			18 714
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners	18 714			18 714
TOTAL EQUITY AT END OF FINANCIAL YEAR	21 631	14 956	- 14 956	21 631
2015-16				
Accumulated funds	2 917	16 892		19 809
Changes in accounting policy				
Correction of prior period errors				
Transfers from reserves				
Dividends paid/payable			- 16 892	- 16 892
Other movements directly to equity				
Total accumulated funds	2 917	16 892	- 16 892	2 917
Reserves				
Asset revaluation surplus				
Asset realisation surplus				
Derivative revaluation surplus				
Investments in public sector entities revaluation surplus				
Other reserves				
Total reserves				
Capital – transactions with owners	18 714			18 714
Equity injections				
Capital appropriation				
Equity transfers in				
Other equity injections				
Specific purpose payments				
National partnership payments				
Commonwealth – capital				
Equity withdrawals				
Capital withdrawals				
Equity transfers out				
Total capital – transactions with owners	18 714			18 714
TOTAL EQUITY AT END OF FINANCIAL YEAR	21 631	16 892	- 16 892	21 631

Public Financial Corporation Sector

Cash Flow Statement

	2016-17	2015-16
	\$000	\$000
Cash receipts from operating activities		
Receipts from sales of goods and services	820	820
Grants and subsidies received		
Interest receipts	213 742	239 140
Other receipts	2	2
Total operating receipts	214 565	239 962
Cash payments for operating activities		
Income tax equivalents paid	- 7 240	- 10 839
Payments for employees	- 862	- 912
Payment for goods and services	- 1 444	- 1 452
Grants and subsidies paid		
Interest paid	- 197 065	- 225 445
Other payments		
Total operating payments	- 206 611	- 238 648
NET CASH FLOWS FROM OPERATING ACTIVITIES	7 953	1 315
Cash flows from investments in non financial assets		
Sales of non financial assets		
Purchases of non financial assets		
Net cash flows from investments in non financial assets		
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	7 953	1 315
Net cash flows from investments in financial assets for policy purposes ¹	2 004	8 671
Net cash flows from investments in financial assets for liquidity purposes	56 426	573 353
NET CASH FLOWS FROM INVESTING ACTIVITIES	58 430	582 025
Net cash flows from financing activities		
Advances received (net)	- 7 104	- 6 788
Borrowing (net)	- 12 680	- 531 621
Deposits received (net)	- 210	51
Dividends paid	- 16 892	- 25 290
Other financing (net)		
NET CASH FLOWS FROM FINANCING ACTIVITIES	- 36 886	- 563 648
NET INCREASE (+)/DECREASE (-) IN CASH HELD	29 498	19 691
Net cash flows from operating activities	7 953	1 315
Net cash flows from investments in non financial assets		
Distributions paid	- 16 892	- 25 290
CASH SURPLUS (+)/DEFICIT (-)	- 8 939	- 23 976
Additional information to the Cash Flow Statement		
CASH SURPLUS (+)/DEFICIT (-)	- 8 939	- 23 976
Acquisitions under finance leases and similar arrangements		
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 8 939	- 23 976

1 Includes equity acquisitions, disposals and privatisations (net).

Total Public Sector

Comprehensive Operating Statement

	Notes	2016-17 \$000	2015-16 Restated \$000
REVENUE FROM CONTINUING OPERATIONS			
Taxation revenue	2	598 802	598 147
Current grants	3	4 195 824	4 354 732
Capital grants	4	317 733	338 948
Sales of goods and services	5	928 309	1 006 742
Interest income		97 178	101 580
Dividend and income tax equivalent income	6		
Other revenue	7	279 019	301 277
TOTAL REVENUE FROM CONTINUING OPERATIONS		6 416 864	6 701 426
<i>less</i> EXPENSES FROM CONTINUING OPERATIONS			
Employee benefits expense		2 383 598	2 266 149
Superannuation expenses			
Superannuation interest cost		82 617	111 465
Other superannuation expenses		245 273	242 962
Depreciation and amortisation		529 890	536 587
Other operating expenses	8	1 821 969	1 840 832
Interest expenses		250 644	271 976
Other property expenses		3 055	1 981
Current grants	9	963 845	892 350
Capital grants	10	93 413	139 506
Subsidies and personal benefit payments	11	144 179	124 965
TOTAL EXPENSES FROM CONTINUING OPERATIONS		6 518 483	6 428 772
TRANSACTIONS FROM DISCONTINUING OPERATIONS	12		1 990
<i>equals</i> NET OPERATING BALANCE		- 101 619	274 645
<i>plus</i> Other economic flows – included in operating result	13	34 171	- 208 129
<i>plus</i> Other economic flows – included in operating result – discontinued operations	13		68 316
<i>equals</i> OPERATING RESULT		- 67 448	134 831
<i>plus</i> Other economic flows – other comprehensive income	13	1 459 721	- 340 778
<i>plus</i> Other economic flows – other comprehensive income – discontinued operations	13		119 942
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners		1 392 273	- 86 004
NET OPERATING BALANCE		- 101 619	274 645
<i>less</i> Net acquisition of non financial assets			
Purchases of non financial assets		1 011 010	993 470
Sales of non financial assets		- 50 011	- 48 927
<i>less</i> Depreciation	23, 25, 27	529 890	536 587
<i>plus</i> Change in inventories		- 384	1 542
<i>plus</i> Other movements in non financial assets		16 015	- 21 002
<i>equals</i> Total net acquisition of non financial assets		446 740	388 496
<i>equals</i> FISCAL BALANCE		- 548 359	- 113 851

Total Public Sector Balance Sheet

	Notes	2016-17 \$000	2015-16 Restated \$000
ASSETS			
Financial assets			
Cash and deposits	16	283 981	623 677
Advances paid	18	171 358	177 967
Investments, loans and placements	19	2 074 854	2 206 762
Receivables	20	411 693	467 367
Equity			
Investments in other public sector entities			
Investments – other		3	2
Other financial assets	21	17 387	16 249
Total financial assets		2 959 275	3 492 024
Non financial assets			
Inventories	22	197 956	198 340
Property, plant and equipment	23, 28	17 952 437	16 657 590
Investment property	24, 28	103 495	110 694
Intangible assets	25, 28	30 271	31 559
Assets held for sale	26, 28	16 832	26 141
Other non financial assets	27, 28	122 439	122 646
Total non financial assets		18 423 428	17 146 969
TOTAL ASSETS		21 382 703	20 638 993
LIABILITIES			
Deposits held	29	81 535	83 805
Advances received	30	221 486	229 590
Borrowing	31	4 414 384	4 432 981
Superannuation	32	3 676 153	4 263 850
Other employee benefits	33	683 223	648 567
Payables	34	349 885	350 110
Other liabilities	35	891 417	957 743
TOTAL LIABILITIES		10 318 084	10 966 647
NET ASSETS		11 064 620	9 672 346
Contributed equity			
Accumulated surplus		3 248 856	2 640 103
Reserves	37	7 815 764	7 032 244
NET WORTH		11 064 620	9 672 346
NET FINANCIAL WORTH ¹		- 7 358 808	- 7 474 623
NET DEBT²		2 187 213	1 737 971

1 Net financial worth equals total financial assets minus total liabilities.

2 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Total Public Sector

Statement of Changes in Equity

	Notes	Equity at 1 July \$000	Comprehensive result \$000	Transactions with owners in their capacity as owners \$000	Equity at 30 June \$000
2016-17					
Accumulated funds		2 640 103	- 67 448		2 572 655
Changes in accounting policy					
Correction of prior period errors					
Transfers from reserves			114 170		114 170
Dividends paid/payable					
Other movements directly to equity			562 031		562 031
Total accumulated funds		2 640 103	608 753		3 248 856
Reserves	37				
Asset revaluation surplus		7 014 292	782 691		7 796 983
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves		17 952	829		18 781
Total reserves		7 032 244	783 520		7 815 764
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		9 672 346	1 392 273		11 064 620
2015-16 Restated					
Accumulated funds		2 778 755	134 831		2 913 586
Changes in accounting policy					
Correction of prior period errors			- 38 751		- 38 751
Transfers from reserves			169 683		169 683
Dividends paid/payable					
Other movements directly to equity			- 404 415		- 404 415
Total accumulated funds		2 778 755	- 138 652		2 640 103
Reserves	37				
Asset revaluation surplus		6 978 965	35 326		7 014 292
Asset realisation surplus					
Derivative revaluation surplus					
Investments in public sector entities revaluation surplus					
Other reserves		631	17 321		17 952
Total reserves		6 979 596	52 648		7 032 244
Capital – transactions with owners					
Equity injections					
Capital appropriation					
Equity transfers in					
Other equity injections					
Specific purpose payments					
National partnership payments					
Commonwealth – capital					
Equity withdrawals					
Capital withdrawals					
Equity transfers out					
Total capital – transactions with owners					
TOTAL EQUITY AT END OF FINANCIAL YEAR		9 758 351	- 86 004		9 672 346

Total Public Sector

Cash Flow Statement

	Notes	2016-17 \$000	2015-16 Restated \$000
Cash receipts from operating activities			
Taxes received		589 554	579 446
Receipts from sales of goods and services		990 238	1 008 114
Grants and subsidies received		4 512 190	4 693 438
Interest receipts		98 830	99 831
Dividends and income tax equivalents			
Other receipts		515 706	509 956
Total operating receipts		6 706 518	6 890 784
Cash payments for operating activities			
Payments for employees		- 2 694 548	- 2 610 923
Payment for goods and services		- 2 045 226	- 1 937 321
Grants and subsidies paid		- 1 190 136	- 1 113 306
Interest paid		- 256 815	- 284 282
Other payments		- 39 764	- 100 744
Total operating payments		- 6 226 489	- 6 046 576
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	480 029	844 208
Cash flows from investments in non financial assets			
Sales of non financial assets		50 011	48 927
Purchases of non financial assets		- 1 011 985	- 996 334
Net cash flows from investments in non financial assets		- 961 974	- 947 407
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS		- 481 945	- 103 198
Net cash flows from investments in financial assets for policy purposes ¹		827	479 064
Net cash flows from investments in financial assets for liquidity purposes		168 917	176 303
NET CASH FLOWS FROM INVESTING ACTIVITIES		- 792 230	- 292 039
Net cash flows from financing activities			
Advances received (net)		- 8 104	- 1 691
Borrowing (net)		- 17 119	- 543 019
Deposits received (net)		- 2 270	5 814
Other financing (net)			
NET CASH FLOWS FROM FINANCING ACTIVITIES		- 27 494	- 538 896
NET INCREASE (+)/DECREASE (-) IN CASH HELD		- 339 696	13 272
Net cash flows from operating activities		480 029	844 208
Net cash flows from investments in non financial assets		- 961 974	- 947 407
CASH SURPLUS (+)/DEFICIT (-)		- 481 945	- 103 198
Future infrastructure and superannuation contributions/earnings ²		- 31 773	- 22 263
UNDERLYING SURPLUS (+)/DEFICIT (-)		- 513 719	- 125 461
Additional information to the Cash Flow Statement			
CASH SURPLUS (+)/DEFICIT (-)		- 481 945	- 103 198
Acquisitions under finance leases and similar arrangements		- 3 919	- 4 273
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements		- 485 864	- 107 471

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2017

1. Statement of Significant Accounting Policies

The purpose of this financial report is to provide information about the Government's stewardship of, and accountability for, resources entrusted to it and information about its financial position, performance and cash flows.

The following summary sets out the significant accounting policies adopted in the Treasurer's Annual Financial Statements (TAFS).

a) Statement of Compliance

i) Compliance Framework

The 2016-17 TAFS general purpose financial statements have been prepared in accordance with all standards and interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period. In particular, the financial statements are presented in a manner consistent with the requirements of AASB 1049 Whole of Government and General Government Sector Financial Reporting.

The Government Finance Statistics (GFS) information included in this report is based on the Australian Bureau of Statistics (ABS) publications: Australian System of Government Finance Statistics: Concepts, Sources and Methods, 2005 and Amendments to Australian System of Government Finance Statistics, 2005 (ABS Catalogue No. 5514.0) (the GFS Manual).

In late 2015, the ABS updated the GFS Manual. While the updated GFS Manual is applicable for reporting periods from 1 July 2017, AASB 1049 Whole of Government and General Government Sector Financial Reporting permits early adoption of the updated GFS Manual where a jurisdiction determines.

The updated GFS Manual requires expenditure to be reported by Classifications of Functions of Government Australia (COFOG-A), replacing the previous Government Purpose Classifications.

Accordingly, only two supplementary tables of 'Expenses by Government Function' and 'Purchases of Non Financial Assets by Function', as required under the Uniform Presentation Framework (UPF), have been prepared in accordance with the draft 2017 UPF to reflect changes adopted in the 2015 GFS Manual.

All other tables in this report remain unchanged from the reporting requirements as per the 2008 UPF. Note 47 reconciles the differences between Australian Accounting Standards and the requirements contained in the GFS Manual.

Compliance with International Financial Reporting Standards

A statement of compliance with the International Financial Reporting Standards (IFRS) cannot be made due to the application of the not-for-profit requirements contained within Australian Accounting Standards (no equivalent requirements exist in IFRS).

ii) Standards and Interpretations Effective from 2016-17

The following new and revised accounting standards and interpretations were effective for the first time in 2016-17:

AASB 124 Related Party Disclosures

This standard applies to the not-for-profit sector for the first time in 2016-17 and requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Statement of Significant Accounting Policies (continued)

For any such transactions, disclosures will include the nature of the related-party relationship, as well as information about those transactions' terms and conditions and amounts, any guarantees given or received, outstanding receivables and payables, commitments, and any receivables where collection has been assessed as being doubtful.

Several other amending standards and AASB interpretations have been issued that apply to the current reporting periods but are considered to have no impact on public sector reporting.

iii) Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the following standards and interpretations were in issue but are not yet effective and are expected to have a potential impact on TAFS for future reporting periods:

AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in the Treasurer's Annual Financial Report (TAFR) for the first time in 2019-20. When effective, the standard will supersede AASB 117 Leases, and requires the majority of leases to be recognised on the balance sheet.

For lessees with operating leases, a right-of-use asset will now come onto the balance sheet together with a lease liability for all leases with a term of more than 12 months, unless the underlying assets are of low value. The Comprehensive Operating Statement will no longer report operating lease rental payments, instead a depreciation expense will be recognised relating to the right-to-use asset and interest expense relating to the lease liability.

While for lessors, the finance and operating lease distinction remains largely unchanged, for finance leases, the lessor recognises a receivable equal to the net investment in the lease. Lease receipts from operating leases are recognised as income either on a straight-line basis or another systematic basis where appropriate.

Consequently, it is expected that approximately \$653 million in operating lease commitments will be required to be recognised in the balance sheet through a lease liability and corresponding right to use asset from 2019-20. In the comprehensive income statement, the operating lease expense will be replaced with a depreciation expense relating to the right to use asset and interest expense relating to the lease liability. These amounts are unable to be quantified at this time.

AASB 1058 Income for Not-For-Profit Entities and AASB 15 Revenue from Contracts with Customers

AASB 1058 Income for Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers are effective for annual reporting periods beginning on or after 1 January 2019 and consequently will be reported in TAFR for the first time in 2019-20.

Under AASB 1058, revenue from grants and donations will be recognised when any associated performance obligation to provide goods or services is satisfied, and not immediately upon receipt as currently occurs. Consequently, more revenue will initially be recognised as liabilities (unearned revenue) in the balance sheet after adoption of this standard.

AASB 1058 also clarifies and simplifies income-recognition requirements that apply to not-for-profit entities in conjunction with AASB 15 Revenue from Contracts with Customers.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Statement of Significant Accounting Policies (continued)

While the full impacts are yet to be determined, potential impacts identified include:

- Grants received to construct or acquire a non-financial asset will be recognised as a liability, and subsequently recognised as revenue as the performance obligations under the grant are satisfied. At present, such grants are recognised as revenue on receipt.
- Grants with an enforceable agreement and sufficiently specific performance obligations will be recognised as revenue progressively as the associated performance obligations are satisfied. At present, such grants are recognised as revenue on receipt.
- Grants that have an enforceable agreement but no specific performance obligations but have restrictions on the timing of expenditure will continue to be recognised as revenue on receipt as time restrictions on the use of funds are not sufficiently specific to create a performance obligation.
- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and will continue to be recognised as revenue as soon as they are controlled.

AASB 9 Financial Instruments

AASB 9 Financial Instruments is effective for annual reporting periods beginning on or after 1 January 2018 and will be reported in TAFR for the first time in 2018-19.

Currently under AASB 139, there are four categories of financial instruments: fair value through profit or loss (FVTPL); held-to-maturity; loans and receivables; and available-for-sale financial assets. Under the new standard there are three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVTOCI) and FVTPL. Where assets are measured at fair value, gains and losses are either recognised entirely in profit or loss (FVTPL) or recognised in other comprehensive income (FVTOCI).

While the full impacts are yet to be determined, potential impacts identified include:

- Debt securities previously classified as held-to-maturity will be classified as financial assets measured at amortised cost as they meet the amortised cost criteria, that is, the Territory intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.
- Trade and other receivables previously classified as loans and receivables will be classified as financial assets measured at amortised cost.
- Cash and deposits classified as other financial assets will be classified as financial assets measured at amortised cost.
- Securities previously designated as FVTPL will remain at FVTPL.
- Recognition of impairment losses on financial assets are to be measured on an expected basis rather than an incurred basis, as is the current approach.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on public sector reporting.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Statement of Significant Accounting Policies (continued)

b) The Government Reporting Entity

In accordance with AASB 1049 Whole of Government and General Government Sector Financial Reporting, the financial statements cover the total public sector, comprising the general government, public non financial corporations and public financial corporations sectors. The sectors are determined in accordance with the principles and rules contained in the GFS Manual. All sectors are considered to be not-for-profit for financial reporting purposes.

Financial information, in the form of a Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement, is presented for each of these reporting sectors. Notes to the financial statements are presented for the total public sector and the general government sector.

Note 43, Details of Controlled Entities at Reporting Date contains a full list of entities forming each of the sectors listed below.

General Government Sector (GGS)

Entities mainly engaged in the production of goods or services outside the normal market mechanism. Goods and services are generally provided free of charge or at nominal charges well below costs of production. It also includes certain activities, government business divisions and government-controlled enterprises that operate in a cost-recovery environment observing competitive neutrality principles, but closely aligned to the operations of general government.

Public Non Financial Corporations (PNFC) Sector

A public enterprise primarily engaged in the production of goods or services of a non financial nature, for sale in the market place at prices that aim to recover most of the costs involved.

Non Financial Public Sector (NFPS)

This sector is formed through a consolidation of the general government and public non financial corporation's subsectors. This process eliminates transactions between the two sectors.

Public Financial Corporations (PFC) Sector

Government-controlled entities that perform central bank functions and or have the authority to incur liabilities and acquire financial assets in the market on their own account.

Total Public Sector

The total public sector is formed through a consolidation of all sectors of government. This process eliminates transactions and balances between sectors.

c) Basis of Preparation

The financial statements have been prepared in accordance with the fair value basis of accounting with certain exceptions as described in the accounting policies set out in the accompanying notes to the financial statements. The accounts have been prepared using the accrual basis of accounting applying the going-concern assumption.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Statement of Significant Accounting Policies (continued)

d) Basis of Consolidation

Reporting entities controlled by the Territory are consolidated within these financial statements and are included in a specific reporting sector and the total public sector.

Where control of an entity is obtained during a financial year, the results of that entity are included in the Comprehensive Operating Statement from the date on which control commenced. Where control of an entity ceases during a financial year, the entity's results are included for the part of the year for which control existed.

All material revenues, expenses, assets, liabilities and equity of the Government, including entities controlled by the Government, are included in the financial statements and as part of the consolidation process, material transactions and balances between government controlled entities are eliminated. Where necessary, adjustments are made to the financial statements of controlled entities to bring their accounting policies in line with the reporting entities controlled by the Territory.

e) Comparatives

Where necessary, comparative information for the 2015-16 financial year has been restated to provide consistency with current year disclosures.

During 2016-17, Power and Water Corporation (PWC) undertook a Fixed Asset Rectification project to restructure the fixed asset registers for PWC and its subsidiary, Indigenous Essential Services Pty Ltd (IES). This project was undertaken to certify the accuracy, existence and completeness of the assets recorded and to address unresolved issues raised by the Auditor-General regarding these balances.

PWC and IES also reviewed the useful lives of infrastructure assets located on Aboriginal land to ensure compliance with requirements of AASB 117 Leases. The review resulted in a downward revision of the useful life on a number of assets and consequently, additional depreciation expense, impacting the 2014-15 and the 2015-16 financial years.

The 2015-16 opening balances have been restated for the effects of the 2014-15 misstatements, with the 2015-16 misstatements corrected and restated in the 2015-16 comparatives in the total public sector.

During 2016-17, following updated accounting advice it was determined the loan receivable originally provided to the concession holder in relation to the AustralAsia Railway was undervalued by \$24.6 million. The 2015-16 comparatives have been restated to reflect the uplift in the fair value of the loan with a corresponding increase in net worth.

Total liabilities have also been restated in 2015-16 to reflect revenue received in advance in relation to the 20-year leaseback of a building gifted to the Top End Health Service previously recognised as revenue in both 2014-15 and 2015-16.

More detail on the comparative restated financial statements is disclosed in Note 44.

Presentation and Rounding of Amounts

Amounts in the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of \$500 or less rounded down to zero. Figures in the financial statements and notes may not equate due to rounding.

Notes to the Financial Statements

For the year ended 30 June 2017

1. Statement of Significant Accounting Policies (continued)

f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2016-17 as a result of management decisions. The order of the note disclosures has been changed to more closely align with the order in which they appear in the financial statements.

g) Accounting Judgements and Estimates

Preparation of the financial statements requires making judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and disclosing contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements.

h) Taxation

The Government is exempt from Commonwealth taxation with the exception of fringe benefits tax and GST.

i) GST

Revenues, expenses and assets are recognised net the amount of GST, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office (ATO). In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financial activities recoverable from, or payable to, the ATO are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the ATO.

j) Reporting Period

The reporting period for consolidated entities is the year ended each 30 June, with the exception of the Batchelor Institute of Indigenous Tertiary Education, which operates on a calendar year reporting period. Management information, which is considered reliable, was used in respect of the institute.

Notes to the Financial Statements

For the year ended 30 June 2017

2. Taxation Revenue

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Taxes on employers' payroll and labour force taxes	322 508	289 590	311 502	279 531
Stamp duties on financial and capital transactions	105 096	136 016	105 096	135 798
Taxes on gambling	71 615	72 996	71 615	72 996
Taxes on insurance	42 852	41 382	42 852	41 382
Motor vehicle registration fees	67 736	68 440	67 736	68 440
Total taxation revenue	609 807	608 424	598 802	598 147

Revenue is recognised at the fair value of the consideration received, exclusive of the amount of GST.

Territory taxation is recognised when the underlying transaction or event that gives rise to the right to collect revenue occurs and can be measured reliably. Government-assessed revenues are recognised at the time the assessments are issued. An example of an assessment-based tax is conveyance duty.

Taxpayer-assessed revenues, for example payroll tax, are recognised when a taxpayer's self-assessment is received. Additional revenues are recognised for assessments subsequently issued following review of returns lodged by taxpayers.

3. Current Grants Revenue

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
GST revenue	3 157 478	3 265 569	3 157 478	3 265 569
Specific purpose payments	360 840	321 077	360 840	321 077
National partnerships	231 712	391 716	231 712	391 716
Other	445 794	373 069	445 794	376 370
Total current grants revenue	4 195 824	4 351 430	4 195 824	4 354 732

4. Capital Grants Revenue

	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
National partnerships	244 661	266 244	244 661	266 244
Specific purpose payments	33 095	19 080	33 095	19 080
Other	23 547	45 879	39 977	53 624
Total capital grants revenue	301 303	331 203	317 733	338 948

Grants revenue is recognised at fair value exclusive of the amount of GST when Government obtains control over the assets comprising the contributions, generally on receipt. Where the grant is reciprocal in nature, revenue is recognised as and when the obligation is fulfilled.

Notes to the Financial Statements

For the year ended 30 June 2017

5. Sales of Goods and Services

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Fees from regulatory services	33 389	41 380	32 970	40 852
Other goods and services revenue	332 946	394 141	895 339	965 890
Total sales of goods and services	366 335	435 521	928 309	1 006 742

Revenue from regulatory fees and fines is recognised and recorded when control over the regulatory fee or fine is obtained.

Other goods and services revenue comprises income from rendering of services and sales of goods and services. These are recognised at the fair value of the consideration received, exclusive of the amount of GST.

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured
- it is probable the economic benefits associated with the transaction will flow to the entity.

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer
- the agency retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be reliably measured
- it is probable the economic benefits associated with the transaction will flow to the agency
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest Income

Interest and other investment income is recognised as it accrues, using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Notes to the Financial Statements

For the year ended 30 June 2017

6. Dividend and Income Tax Equivalent Income

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Dividend income				
Public non financial corporations sector	13 567	18 978		
Public financial corporations sector	14 956	16 892		
Tax equivalents regime				
Public non financial corporations sector	41 525	54 214		
Public financial corporations sector	6 410	7 240		
Total dividend and income tax equivalent income	76 458	97 324		

General government sector dividends and income tax equivalent revenue represents revenue earned from other sectors of government. Such revenue for the general government sector is recognised when the right to receive the payment is established.

The Commonwealth Government applies a tax equivalents regime that levies the equivalent of specified taxes and local government rates on certain public sector entities. Tax equivalent transactions and balances, other than taxation amounts actually payable, which are eliminated on consolidation, are excluded from these statements. Dividends and income tax equivalents from the PNFC and PFC sectors are eliminated on consolidation in the total public sector.

7. Other Revenue

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Rental income	14 114	13 981	17 002	15 842
Royalty income	170 162	196 319	170 113	196 319
Fines revenue	18 086	15 602	18 086	15 602
Miscellaneous revenue	44 965	47 462	60 128	58 820
Donated assets	244	2 053	13 690	14 695
Total other revenue	247 571	275 418	279 019	301 277

The majority of other revenue relates to:

- Royalty income recognised when control is obtained.
- Revenue from fees and fines including traffic infringements and court issued fines. These are recognised and recorded when control over the fee or fine is obtained.
- Miscellaneous revenue including reimbursements and research funding from non-government organisations.
- Donated assets including assets received at below fair value or for nil consideration and that can be measured reliably. These are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification the assets have been secured.

Notes to the Financial Statements

For the year ended 30 June 2017

8. Other Operating Expenses

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Repairs and maintenance	238 664	219 474	335 689	316 485
Property management	232 694	230 849	192 633	195 636
Purchases of goods and services	936 744	981 712	1 284 555	1 319 910
Other operating expenses	8 552	8 374	9 093	8 801
Total other operating expenses	1 416 655	1 440 410	1 821 969	1 840 832

Other operating expenses generally represent the day-to-day running costs incurred in normal operations, including supplies and services costs recognised in the reporting period in which they are incurred.

9. Current Grants

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current grants	1 025 742	949 688	963 845	892 350
Total current grants	1 025 742	949 688	963 845	892 350

10. Capital Grants

General capital grants	124 133	189 406	91 805	99 525
Capital grants to charities and not-for-profit associations	15	11	15	11
Assets transferred	1 593	61 193	1 593	39 969
Total capital grants	125 741	250 610	93 413	139 506

11. Subsidies and Personal Benefit Payments

Monetary transfers to households	112 745	85 030	112 745	85 030
Community service obligations and other subsidies	160 092	135 025	31 433	39 935
Total subsidies and personal benefit payments	272 838	220 056	144 179	124 965

General grants include grants to race clubs, state schools, independent schools and to non-profit organisations.

Grants and other transfers to third parties are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to local government, government and non-government schools and community groups.

For the general government sector, these include grants and transfer payments to PNFCs and PFCs.

Notes to the Financial Statements

For the year ended 30 June 2017

12. Discontinued Operations

a) Description

On 13 October 2015, the Territory announced the long-term lease of the Port of Darwin. The lease was finalised on 16 November 2015 with the transaction including up-front proceeds of \$506 million.

Under the terms of the agreement, the Territory leased the Darwin Port land and facilities of East Arm Wharf (including the Darwin Marine Supply Base) and Fort Hill Wharf to Landbridge Group for 99 years. The Territory retained Stokes Hill, Fisherman's and Hornibrook's Wharves and Frances Bay facilities. The lease will expire on 15 November 2114.

The results of the Darwin Port Corporation's discontinued operations are set out below.

b) Financial Performance and Cash Flow Information

The financial performance and cash flow information presented are for the period from 1 July 2015 to 16 November 2015 (2015-16 column). There were no operations classified as discontinued for the year ended 30 June 2017.

	General government		Total public sector	
	2016-17	2015-16	2016-17	2015-16
	\$000	\$000	\$000	\$000
Operating result from discontinued operations				
Revenues		2 294		2 370
Expenses				379
Operating result from discontinued operations		2 294		1 990
Cash flows of the discontinued operations				
Operating activities		4 747		6 451
Investing activities		- 17 369		- 8 237
Financing activities		- 6 528		- 4 198

Notes to the Financial Statements

For the year ended 30 June 2017

12. Discontinued Operations (continued)

c) Discontinued Operations Included in Comprehensive Result

	General government		Total public sector	
	2016-17	2015-16	2016-17	2015-16
	\$000	\$000	\$000	\$000
Gain/(loss) from discontinued operations				
The consideration received:				
Proceeds from the transaction		390 642		482 158
Residual interest in leased assets		16 249		16 249
Less:				
Book value of net assets disposed/derecognised		- 390 642		- 418 963
Transaction costs		-13 921		- 13 921
Change in value of equity investment		172 009		108 814
Gain/(loss) from discontinued operations in comprehensive result		174 337		174 337

d) The Carrying Amounts of Assets and Liabilities as at the Date of Sale were:

	General government		Total public sector	
	2016-17	2015-16	2016-17	2015-16
	\$000	\$000	\$000	\$000
Derecognised under a 99-year finance lease				
Property, plant and equipment		390 642		390 642
Disposed through sale				
Current assets (cash, receivable, prepayments, other current assets)				13 783
Property, plant and equipment				23 669
Employee liabilities				- 3 087
Trade and other payables				- 1 845
Finance lease obligation				- 4 198
Net assets attributable to Port of Darwin		390 642		418 963

Notes to the Financial Statements

For the year ended 30 June 2017

13. Other Economic Flows

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Gain (loss) on sale of non financial assets	1 949	5 036	1 904	5 036
Bad and doubtful debt	- 14 846	- 13 434	- 18 583	- 16 401
Net actuarial gains (losses) – other	84 072	- 77 467	84 072	- 77 467
Revaluations and asset impairment	- 5 063	- 58 253	- 32 918	- 118 906
Write up (down) of inventory	- 304	- 391	- 304	- 391
Other economic flows – included in operating result	65 808	- 144 509	34 171	- 208 129
Gain (loss) on sale of non financial assets		100 221		68 316
Other economic flows – included in operating result – discontinued operations		100 221		68 316
Items that will not be reclassified to operating result				
Revaluations	630 112	165 531	782 691	35 326
Remeasurement of superannuation liability	561 789	- 397 794	561 789	- 397 794
Gain (loss) on investments in other sector entities	193 662	- 194 118		
Changes in accounting policies and correction of prior period errors				- 38 751
Other	17 894	10 518	115 240	60 441
Other economic flows – other comprehensive income	1 403 457	- 415 864	1 459 721	- 340 778
Gain (loss) on investments in other sector entities		- 31 906		
Other		119 942		119 942
Other economic flows – other comprehensive income – discontinued operations		88 037		119 942

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. Other economic flows include the following items:

Gain or loss on disposal of non financial assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Bad and Doubtful Debt

Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful receivables is recognised when there is objective evidence the debts may not be collected. Bad debts are written off when identified in accordance with the *Financial Management Act*. More detail on bad debts written off are provided in Note 14.

Notes to the Financial Statements

For the year ended 30 June 2017

13. Other Economic Flows (continued)

Other Value-Based Changes

These include changes in the value of financial instruments measured at fair value, changes in unfunded employee entitlements because of changes in the long-term bond rate and other actuarial assumptions and changes in the fair value of investment property due to market value changes.

Revaluation of non financial assets

Subsequent to initial recognition, assets belonging to the following classes of non financial assets are revalued with sufficient regularity to ensure the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land
- buildings
- infrastructure assets
- heritage and cultural assets
- investment properties
- biological assets
- intangibles.

The above classes of non current assets include certain new assets initially recognised at cost. Such new assets will continue to be measured at cost, which is deemed to equate to fair value, until the next revaluation for that asset class occurs.

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value. Historical cost includes expenditure directly attributable to the acquisition of the items.

Independent valuations are obtained for key general government land, building and infrastructure assets in line with agency internal valuation policies and program. Valuations are in accordance with the fair value basis, with most general government building and infrastructure assets valued at depreciated replacement cost. Parcels of land are valued based on existing land use.

Selected electrical network infrastructure, water and sewerage assets, gas pipeline assets and remote generation assets for Power and Water Corporation are valued using the Income approach. The Income approach converts future amounts (for example, cash flows or income expenses) to a single current (that is, discounted) amount. When the Income approach is used, the fair value measurement reflects current market expectations about those future amounts (refer Note 28 (a)(ii) and Note 28 (b)(ii) for valuation techniques).

A revaluation of urban public housing rental properties and remote government employee housing rental dwellings was completed at 30 June 2017, the results of which are reflected in these financial statements.

Net revaluation movement of investment properties are classified as 'other economic flows – included in operating result'; whereas, net revaluation movement of other non financial assets are recognised as 'other economic flows – other comprehensive income'.

Notes to the Financial Statements

For the year ended 30 June 2017

13. Other Economic Flows (continued)

Impairment of assets

An asset is said to be impaired when its carrying amount exceeds its recoverable amount.

Non current physical and intangible assets are assessed for indicators of impairment on an annual basis or whenever there is an indication of impairment.

If an indicator of impairment exists, the asset's recoverable amount is required to be determined. As the public sector is a not-for-profit entity, unless an asset has been identified as a surplus asset, the asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

In certain situations, an impairment loss may subsequently be reversed. The impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

For the year ended 30 June 2017

14. Write-Offs, Postponements, Waivers, Ex Gratia Payments and Gifts – General Government Sector¹

	2016-17		2015-16	
	\$000	No.	\$000	No.
1. Write-offs, postponements and waivers under the <i>Financial Management Act</i>	6 261		7 637	
Amounts written off, postponed, waived by Treasurer	5 404	131	6 772	85
Irrecoverable money written off	804	124	465	67
Crimes compensation debts				
Taxation debts				
Employee debts	30	3	19	2
Government services debts	768	120	217	64
Other	6	1	229	1
Losses or deficiencies of money written off				
Value of public property written off			1 391	6
Waiver of right to receive or recover money	4 600	7	4 916	12
Crimes compensation debts				
Taxation debts				
Government services debts	4 570	5	4 916	12
Other	30	2		
Amounts written off, postponed, waived by Delegates	857	761	865	1 132
Irrecoverable money written off	578	662	659	783
Losses or deficiencies of money written off	4	8	3	9
Value of public property written off	275	91	203	340
Waiver of right to receive or recover money				
2. Gifts²	94	8	60 981	15
Office furniture				
Computer and other electronic equipment				
Vehicles	92	3	21	2
Other	2	5	60 960	13
3. Ex-gratia payments	592	11	38	4
4. Write-offs, postponements and waivers authorised under other legislation	12	58	31	6
5. Gifts authorised under other legislation³	1500	1	213	9

1 Details of write-offs, postponements, waivers, ex-gratia payments and gifts approved under the *Financial Management Act* and other legislation are reported by agencies in their financial statements.

2 Agency valuations at time of gifting. Where one recipient has received more than one gift covering various categories, the gift has been counted in the category that has the highest value item.

3 Gifts authorised under other legislation predominantly relates to perpetual leases provided under the *Crown Lands Act*.

Notes to the Financial Statements

For the year ended 30 June 2017

15. Expenses by Function

The following table presents expenses from transactions classified according to the Classifications of Functions of Government Australia (COFOG-A) which is based on the ABS classifications used as part of the Government Finance Statistics 2015.

General Government Sector and Total Public Sector Expenses by Function

	General government 2016-17 ¹	Total public sector 2016-17 ¹
	\$000	\$000
General public services		
Executive and legislative organisations, financial and fiscal affairs, external affairs	84 799	84 799
General services	310	310
Public debt transactions	294 586	355 944
Transfers of a general character between different levels of government	289	289
General public services n.e.c.	18 087	18 087
Total general public services	398 071	459 429
Public order and safety		
Police services	323 466	323 466
Civil and fire protection services	45 112	45 112
Law courts	156 342	156 342
Prisons	206 253	206 253
Research and development - public order and safety	1 194	1 194
Public order and safety n.e.c.	17 449	17 449
Total public order and safety	749 815	749 815
Economic affairs		
General economic, commercial and labour affairs	114 859	114 859
Agriculture, forestry, fishing and hunting	36 572	36 572
Fuel and energy	156 608	550 395
Mining, manufacturing and construction	22 850	22 850
Communication		
Other industries	71 301	71 301
Research and development - economic affairs	31 860	31 860
Economic affairs n.e.c.	16 928	16 928
Total economic affairs	450 979	844 765

Notes to the Financial Statements

For the year ended 30 June 2017

15. Expenses by Function (continued)

	General government 2016-17 ¹	Total public sector 2016-17 ¹
	\$000	\$000
Environmental protection		
Waste management	2 774	28 547
Waste water management	19 734	19 734
Pollution abatement	1 826	1 826
Protection of biodiversity and landscape	76 554	76 554
Research and development - environmental protection	279	279
Environmental protection n.e.c.	4 907	4 907
Total environmental protection	106 074	131 847
Housing and community amenities		
Housing development	280 839	280 839
Community development	227 850	237 138
Water supply	50 331	91 253
Street lighting	3 305	3 305
Housing and community amenities n.e.c.		
Total housing and community amenities	562 325	612 535
Health		
Medical products, appliances and equipment	6 482	6 482
Outpatient services	255 277	255 277
Hospital services	787 458	787 458
Mental health institutions		
Community health services	363 396	363 396
Public health services	42 414	42 414
Research and development - health	12 088	12 088
Health n.e.c.		
Total health	1 467 115	1 467 115
Recreation, culture and religion		
Recreational and sporting services	76 317	76 317
Cultural services	78 399	78 399
Broadcasting and publishing services		
Religious and other community services		
Research and development - recreation, culture and religion		
Recreation, culture and religion n.e.c.	19 420	19 420
Total recreation, culture and religion	174 135	174 135

Notes to the Financial Statements

For the year ended 30 June 2017

15. Expenses by Function (continued)

	General government 2016-17 ¹	Total public sector 2016-17 ¹
	\$000	\$000
Education		
Pre-primary and primary education	550 343	550 343
Secondary education	366 893	366 893
Tertiary education	135 587	135 587
Education not definable by level	50 296	50 296
Subsidiary services to education	18 749	18 749
Education n.e.c.	49 697	49 697
Total education	1 171 565	1 171 565
Social protection		
Sickness and disability	128 810	128 810
Old age	40 979	40 979
Survivors		
Family and children	225 323	225 323
Unemployment		
Housing		
Social exclusion n.e.c.	83 225	83 225
Research and development - social protection	2 249	2 249
Social protection n.e.c.	113 664	113 664
Total social protection	594 250	594 250
Transport		
Road transport	241 530	241 530
Bus transport	29 393	29 393
Water transport	3 218	3 218
Railway transport	3 794	3 794
Air transport	7 072	7 072
Multi-mode urban transport		
Pipeline and other transport		15 912
Research and development - transport	397	397
Transport n.e.c.	11 711	11 711
Total transport	297 115	313 026
Total operating expenses	5 971 443	6 518 483

n.e.c.: not elsewhere classified

1 Adoption of the new Classification of Functions of Government Australia (COFOG-A), replacing the previous Government Purpose Classifications. Accordingly, no comparative year has been provided.

For public policy purposes, government undertakes a centralised approach to investing in financial assets. In addition, a number of government's non financial assets are multipurpose and utilised across a number of functions, particularly in remote areas of the Territory. Accordingly, it is not considered that the carrying amounts of assets recognised in the respective general government and total public sector balance sheets can be reliably attributable to specific functions.

Notes to the Financial Statements

For the year ended 30 June 2017

16. Cash and Deposits

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Cash at bank	67 192	51 747	67 192	51 747
Cash on hand	370	1 005	389	1 028
Cash on call or short-term deposit	216 400	570 901	216 400	570 901
Total cash and deposits	283 962	623 654	283 981	623 677

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments readily convertible to cash, which are subject to an insignificant risk of changes in value. Cash at bank includes monies held in the Accountable Officers' Trust Account ultimately payable to the beneficial owner (refer also to Note 29).

Notes to the Financial Statements

For the year ended 30 June 2017

17. Cash Flow Reconciliation

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Operating result	- 11 184	241 823	- 67 448	134 831
<i>less: Other economic flows – included in operating result</i>	<i>- 65 808</i>	<i>44 287</i>	<i>- 34 171</i>	<i>139 813</i>
Gain/(loss) on sale of non financial assets	- 1 949	- 105 258	- 1 904	- 73 352
Bad and doubtful debt	14 846	13 434	18 583	16 401
Net actuarial gains/(losses) – other	- 84 072	77 467	- 84 072	77 467
Revaluations and asset impairment	5 367	58 644	33 222	119 297
<i>equals: Net operating balance</i>	<i>- 76 992</i>	<i>286 110</i>	<i>- 101 619</i>	<i>274 645</i>
<i>less: Non cash items included in net operating balance</i>				
Depreciation and amortisation	335 476	322 587	529 890	536 587
Changes in provisions	18 514	8 418	16 940	9 770
Cost of goods sold				7 536
Assets acquired for nil consideration	- 244	- 2 053	- 13 690	- 14 695
Assets donated	1 593	61 193	1 593	39 969
Gains and losses	- 18	- 6	- 38	- 13
Write-offs	5	3	5	3
<i>less: Changes in assets and liabilities</i>				
Change in inventories	465	2 314	4 967	21 555
Increase in payables and borrowings	- 249 745	- 275 385	- 267 656	- 232 845
Increase in receivables and investments	264 359	245 418	309 635	201 695
<i>equals: Cash flows from operating activities</i>	<i>293 414</i>	<i>648 600</i>	<i>480 029</i>	<i>844 208</i>
Cash at beginning of year	623 654	610 374	623 677	610 404
Net increase/(decrease) in cash held as per Cash Flow Statement	- 339 692	13 280	- 339 696	13 272
Cash at end of year	283 962	623 654	283 981	623 677

Notes to the Financial Statements

For the year ended 30 June 2017

18. Advances Paid

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Department of Local Government and Community Services ¹		667		667
Department of Housing and Community Development ¹	667		667	
Department of Primary Industry and Fisheries ²		6 317		6 317
Department of Primary Industry and Resources ²	5 317		5 317	
Department of the Chief Minister	7 319	5 909	7 319	5 909
Department of Sport and Recreation ³		20		20
Department of Tourism and Culture ³	20		20	
Department of Business ⁴		45		45
Department of Trade, Business and Innovation ⁴	2		2	
NT Home Ownership	2 940	3 008	2 940	3 008
less: Allowance for impairment	- 7 141	- 20	- 7 141	- 20
	9 124	15 946	9 124	15 946
Non current				
Department of Health	300	300	300	300
Department of Transport ⁵		437		437
Department of Infrastructure, Planning and Logistics ⁵	1 401		1 401	
Department of Trade, Business and Innovation ⁴	40		40	
Department of Treasury and Finance	8 805	8 805	8 805	8 805
NT Home Ownership	162 238	162 368	162 238	162 368
less: Allowance for impairment	- 10 551	- 9 889	- 10 551	- 9 889
	162 233	162 021	162 233	162 021
Total advances paid	171 358	177 967	171 358	177 967

1 The Department of Local Government and Community Services ceased to exist in 2016-17. Local Government and Community Services functions transitioned to the Department of Housing and Community Development.

2 The Department of Primary Industry and Fisheries ceased to exist in 2016-17. Functions transferred to the Department of Primary Industry and Resources.

3 The Department of Sport and Recreation ceased to exist in 2016-17. Sport and Recreation functions transitioned to the Department of Tourism and Culture.

4 The Department of Business ceased to exist in 2016-17. Business function transitioned to the Department of Trade, Business and Innovation.

5 The Department of Transport ceased to exist in 2016-17. Transport function transitioned to the Department of Infrastructure, Planning and Logistics.

Advances paid include investments in financial assets with the aim of funding particular enterprise, household or government activities. Advances paid are recorded at cost less allowance for impairment.

The allowance for impairment losses represents the amount of advances paid likely to be uncollectible and considered doubtful. The collectability of advances paid is reviewed regularly and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

Notes to the Financial Statements

For the year ended 30 June 2017

19. Investments, Loans and Placements

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Securities	1 303 345	1 500 095	1 303 345	1 500 095
Conditions of Service Reserve (COSR) investments	719 509	653 758	719 509	653 758
Loans	2 000	2 000	2 000	2 000
<i>less: Allowance for impairment</i>				
	2 024 854	2 155 853	2 024 854	2 155 853
Non current				
Loans	50 000	50 908	50 000	50 908
<i>less: Allowance for impairment</i>				
	50 000	50 908	50 000	50 908
Total investments, loans and placements	2 074 854	2 206 762	2 074 854	2 206 762

Investments, loans and placements include investments in financial assets for liquidity management purposes. Securities and investments are initially recorded at cost and subsequently measured at amortised cost or at net market value, after deducting estimated costs of realisation at reporting date. Loans are carried at amortised cost using the effective interest rate method less allowance for impairment. Interest income is applied using the effective interest rate.

Current and non-current securities are predominantly cash invested by the NTTC on behalf of the Territory Government. These investments include short-term securities, fixed-interest securities and fixed-rate notes.

COSR investments relate to funds set aside to fund the Territory Government's employee-related liabilities including salaries, leave entitlements, redundancy, superannuation payments and to meet similar payments. These funds are managed by three different external fund managers on behalf of the Territory Government. The value of the reserve at 31 August 2017 was estimated at \$726 million.

Loans largely relate to AustralAsia Railway Corporation.

Notes to the Financial Statements

For the year ended 30 June 2017

20. Receivables

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Receivables (a)	146 100	159 223	130 789	184 747
Accrued revenue	79 561	73 480	135 746	131 663
Prepaid expenses (b)	26 570	24 906	28 502	27 863
	252 231	257 609	295 037	344 273
Non current				
Receivables (a)	114 594	123 094	114 594	123 094
Prepaid expenses (b)	2 061		2 061	
	116 655	123 094	116 655	123 094
Total receivables	368 886	380 703	411 693	467 367
a) Receivables comprise:				
Current				
Accounts receivable	76 948	65 691	114 740	153 654
less: Provision for impairment	- 42 539	- 36 915	- 53 915	- 43 723
Interest receivable	2 530	4 219	2 530	4 219
GST receivable	31 603	41 637	38 833	43 893
Other receivables	77 558	84 592	28 601	26 704
	146 100	159 223	130 789	184 747
Non current				
Other receivables	114 594	123 094	114 594	123 094
	114 594	123 094	114 594	123 094
Total receivables	260 694	282 317	245 383	307 841
b) Prepaid expenses comprise:				
Current				
Prepaid salaries	1 787	1 463	1 901	1 572
Other prepayments	24 783	23 443	26 601	26 291
	26 570	24 906	28 502	27 863
Non current				
Prepaid expenses	2 061		2 061	
	2 061		2 061	
Total prepayments	28 631	24 906	30 563	27 863

Receivables include accounts receivable, prepayments and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables likely to be uncollectible and considered doubtful. The collectability of receivables is reviewed regularly, and part of this process, is to assess, at reporting date, whether an allowance for impairment loss is required.

Refer to Note 39(d) for aging of receivables.

Notes to the Financial Statements

For the year ended 30 June 2017

21. Other Financial Assets

Leases as Lessor

The Territory (through the former Department of Lands, Planning and Environment) entered into a 99-year lease agreement with the Landbridge Group to lease land assets and interest in the Port of Darwin (see also Note 12 Discontinued Operations).

A lease premium amounting to \$391 million was received in advance. The lease also provides for the receipt of incremental contingent rentals where a revenue-based threshold exceeded. No contingent rental was received during the year.

Under the terms of the lease, the leased assets will revert to the Territory at the end of 99 years. The port lessee has the majority of the risks and rewards associated with ownership of the leased assets. Therefore the assets have been derecognised and a finance lease receivable recognised representing a residual interest in the leased assets.

The lease terms state all improvements done by Landbridge during the lease term vest immediately to the Territory. In addition, the Territory has the option to buy back identified port assets for a nominal amount. The lessor also has an option to buy or lease, for nominal consideration, additional port land purchased or leased by Landbridge during the 99-year term and used for port purposes.

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Finance lease receivable	17 387	16 249	17 387	16 249
Future minimum lease receipts under finance leases are receivable for each of the following periods:				
Not later than one year	1 218	1 138	1 218	1 138
Later than one year and not later than five years	5 786	5 407	5 786	5 407
Later than five years	13 198 833	13 200 429	13 198 833	13 200 429
Gross investment in the lease	13 223 223	13 223 223	13 223 223	13 223 223
less: Unearned finance income	13 205 836	13 206 974	13 205 836	13 206 974
Net investment in the lease	17 387	16 249	17 387	16 249

As the lease premium has been prepaid, the balance of finance lease receivable represents the unguaranteed residual for the Port of Darwin land-related assets accruing to the benefit of the Territory. As of 30 June 2017, no impairment losses have been recorded on the finance lease receivables.

Notes to the Financial Statements

For the year ended 30 June 2017

21. Other Financial Assets (continued)

Other Financial Assets

On 30 June 2017, the Territory Government agreed to retain the 20 per cent equity interest in the Port of Darwin. Under the revised terms of the shareholding, the Territory does not have any right to participate in the distributions of capital or income of the Port of Darwin group trusts.

Although the 20 per cent equity interest does not satisfy criteria for consolidation or recognition as a joint venture or associate, it is considered a financial asset.

This financial asset has been initially measured at fair value based on expected cashflows and for 2016-17 is valued at nil. The financial asset will be subsequently remeasured for any changes in fair value in future reporting periods.

22. Inventories

	General government		Total public sector	
	Inventory	Inventory held for distribution	Inventory	Inventory held for distribution
	\$000	\$000	\$000	\$000
2016-17				
Carrying amount as at 1 July	261	13 209	137 563	60 777
Additions	159	93 867	7 583	112 463
Disposals	- 28	- 93 532	- 6 282	- 108 797
Transfers in/(out)		- 303	- 339	- 3 011
Revaluations/impairment adjustments	- 1		- 2 002	
Carrying amount as at 30 June	390	13 241	136 523	61 433
2015-16 Restated				
Carrying amount as at 1 July	447	11 099	139 731	57 067
Additions		82 603	28 794	85 553
Disposals	- 92	- 80 196	- 7 628	- 85 164
Transfers in/(out)	- 94	- 297	- 23 335	3 321
Revaluations/impairment adjustments				
Carrying amount as at 30 June	261	13 209	137 563	60 777

Inventories include assets held either for sale or distribution at no or nominal consideration in the ordinary course of business operations including land held for sale by the Land Development Corporation.

Inventories are valued at the lower of cost and net realisable value, except for those held for distribution, which are carried at the lower of cost and current replacement cost. The cost of inventories held for distribution are assigned using a mixture of first in, first out, a weighted average cost formula or using specific identification of individual costs. The net realisable value of land inventories held for sale represent the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

Inventory held for distribution is regularly assessed for obsolescence and loss.

Notes to the Financial Statements

For the year ended 30 June 2017

23. Property, Plant and Equipment

	Land	Buildings	Infrastructure ¹	Power and water utility assets	Construction works in process	Plant and equipment	Leased property, plant and equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2016-17: General Government								
Asset								
Balance at 1 July	2 364 529	6 998 891	8 368 669		651 330	603 416	666 946	19 653 781
Additions	951	1 616	36		685 070	87 469	1 692	776 834
Disposals	- 16 693	- 10 890				- 39 647		- 67 230
Transfers in/(out)	7 850	215 016	236 536		- 515 115	8 833		- 46 879
Revaluations/impairment adjustments	- 28 848	1 911 353	43 983			- 16 325		1 910 163
Balance at 30 June (1)	2 327 788	9 115 987	8 649 225		821 285	643 747	668 639	22 226 669
Accumulated depreciation/amortisation								
Balance at 1 July		2 368 676	3 242 205			325 477	37 133	5 973 490
Depreciation/amortisation expense		194 015	74 300			55 393	11 727	335 435
Disposals		- 156				- 23 598		- 23 754
Transfers in/(out)		2	- 8			- 309		- 315
Revaluations/impairment adjustments		1 275 082	- 12 366			- 16 125		1 246 591
Balance at 30 June (2)		3 837 619	3 304 131			340 837	48 860	7 531 447
Carrying amount at 30 June (1 - 2)	2 327 788	5 278 368	5 345 094		821 285	302 910	619 778	14 695 222
2016-17: Total Public Sector								
Asset								
Balance at 1 July	2 449 314	7 103 467	10 131 100	2 852 636	959 759	654 363	678 056	24 828 694
Additions	951	1 616	36	12 090 ⁹	884 655 ¹⁰	87 476 ¹¹	3 919	990 743
Disposals	- 16 693 ²	- 10 890	- 302	- 673 ⁹		- 39 647 ¹¹		- 68 205
Transfers in/(out)	7 986 ³	215 910 ⁵	195 504 ⁷	103 267 ⁹	- 623 022 ¹⁰	11 538 ¹¹		- 88 818
Revaluations/impairment adjustments	- 25 607 ⁴	1 904 388 ⁶	14 241 ⁸	471 750 ⁹		- 16 325 ¹¹		2 348 446
Balance at 30 June (1)	2 415 950	9 214 491	10 340 578	3 439 070	1 221 392	697 406	681 974	28 010 860
Accumulated depreciation/amortisation								
Balance at 1 July		2 405 349	4 268 413	1 101 281		356 160	39 901	8 171 104
Depreciation/amortisation expense		197 930	137 658	113 451 ⁹		59 150 ¹¹	12 656	520 845
Disposals		- 156		- 223 ⁹		- 23 598 ¹¹		- 23 977
Transfers in/(out)		- 31	- 81 759 ⁷	- 624 ⁹		- 310 ¹¹		- 82 724
Revaluations/impairment adjustments		1 269 130 ⁶	- 12 495 ⁸	232 665 ⁹		- 16 125 ¹¹		1 473 175
Balance at 30 June (2)		3 872 222	4 311 818	1 446 550		375 277	52 557	10 058 424
Carrying amount at 30 June (1 - 2)	2 415 950	5 342 269	6 028 760	1 992 520	1 221 392	322 129	629 417	17 952 437

Notes to the Financial Statements

For the year ended 30 June 2017

23. Property, Plant and Equipment (continued)

	Land	Buildings	Infrastructure ¹	Power and water utility assets	Construction works in process	Plant and equipment	Leased property, plant and equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2015-16: General Government								
Asset								
Balance at 1 July restated	2 324 958	6 804 835	8 090 889		607 509	551 959	663 840	19 043 990
Additions	1 082	309	346		666 097	79 543	3 114	750 490
Disposals	- 22 802	- 1 985				- 37 009		- 61 796
Transfers in/(out)	- 15 017	276 849	109 869		- 622 277	21 881		- 228 695
Revaluations/impairment adjustments	76 309	- 81 117	167 566			- 12 958	- 9	149 792
Balance at 30 June (1) restated	2 364 529	6 998 891	8 368 669		651 330	603 416	666 946	19 653 781
Accumulated depreciation/amortisation								
Balance at 1 July restated		2 367 616	3 012 517			308 686	23 611	5 712 431
Depreciation/amortisation expense		191 147	63 298			54 533	13 530	322 508
Disposals						- 24 191		- 24 191
Transfers in/(out)		5 656	1 882			213		7 751
Revaluations/impairment adjustments		- 195 743	164 507			- 13 764	- 9	- 45 008
Balance at 30 June (2) restated		2 368 676	3 242 205			325 477	37 133	5 973 490
Carrying amount at 30 June (1 - 2)	2 364 529	4 630 216	5 126 465		651 330	277 939	629 813	13 680 291
2015-16: Total Public Sector								
Asset								
Balance at 1 July restated	2 418 070	6 908 148	9 784 233	2 708 254	1 059 057	605 023	679 366	24 162 151
Additions	1 191	2 114	346	40 616	844 324	79 803	4 273	972 667
Disposals	- 22 802	- 1 985	- 318	- 1 348		- 37 009		- 63 462
Transfers in/(out)	- 23 935	276 305	185 397	236 217	- 943 622	19 504	- 5 575	- 255 709
Revaluations/impairment adjustments	76 791	- 81 117	161 442	- 131 103		- 12 958	- 9	13 046
Balance at 30 June (1) restated	2 449 314	7 103 467	10 131 100	2 852 636	959 759	654 363	678 056	24 828 694
Accumulated depreciation/amortisation								
Balance at 1 July restated		2 400 564	3 979 696	1 055 139		337 645	26 667	7 799 712
Depreciation/amortisation expense		194 936	132 158	114 481		59 381	14 243	515 198
Disposals				- 1 348		- 24 191		- 25 539
Transfers in/(out)		5 563	- 7 948			- 2 911	- 1 000	- 6 296
Revaluations/impairment adjustments		- 195 714	164 507	- 66 991		- 13 764	- 9	- 111 970
Balance at 30 June (2) restated		2 405 349	4 268 413	1 101 281		356 160	39 901	8 171 104
Carrying amount at 30 June (1 - 2) restated	2 449 314	4 698 118	5 862 686	1 751 355	959 759	298 203	638 155	16 657 590

Notes to the Financial Statements

For the year ended 30 June 2017

23. Property, Plant and Equipment (continued)

1. Since completion of the railway, government works totalling \$380 million (\$383 million as at 30 June 2016) are classified as infrastructure assets within the AustralAsia Railway Corporation (AARC). During the 50-year concession period the rights and obligations for the rail corridor rest with AARC and the Territory as they have freehold title over large portions of the rail corridor and hold long-term head leases over the remaining portions on Aboriginal land. Hence, control over the corridor, including the rail assets, rests with AARC. Therefore no provision for the resulting diminution in the value of the Territory's investment in AARC has been made in these financial statements. At the expiration of the 50-year concession period, the railway infrastructure (including the government works) will be transferred to AARC. However, due to the subjectivity involved with any measurement of the future value of the asset after the expiry of the concession period, it is not considered practical, at this point, to recognise any further assets in the accounts of AARC or in these financial statements.
2. Land disposals of \$16.7 million predominantly relate to the sale of residential land at Zuccoli and Maluka within the Department of Infrastructure, Planning and Logistics (\$14.2 million), combined with sales of urban public housing within the Department of Housing and Community Development (\$2.5 million).
3. Net land transfers of \$8 million predominantly relate to the reclassification of land no longer anticipated to be sold within the next 12 months within the Department of Infrastructure, Planning and Logistics.
4. Land revaluation decrements of \$25.6 million primarily relate to the revaluation decrement of land associated with the Don Dale Youth Detention Centre within Territory Families (\$16.2 million) and remote public housing dwellings in Darwin and Katherine within the Department of Housing and Community Development (\$11.1 million).
5. Net building transfers of \$215.9 million predominantly relate to completed construction of the Forrest Parade special needs school, trade training centres and refurbishments to educational facilities within the Department of Education (\$97.7 million), remote and urban housing within Department of Housing and Community Development (\$71 million), Nhulunbuy Dental Health Clinic and refurbishment of the paediatric ward within the Top End Health Service (\$23.2 million), various remote health clinics within the Central Australia Health Service (\$13.3 million), combined with Arlparra Police Station and various remote police and fire stations within the Northern Territory Police, Fire and Emergency Services (\$10.5 million).
6. Net building revaluation increment adjustments of \$635.3 million primarily relate to the upward revaluation of remote public housing dwellings within the Department of Housing and Community Development.
7. Net infrastructure transfers of \$277.3 million primarily relate to the completed construction of roads within the Department of Infrastructure, Planning and Logistics (\$230 million), completion of the Multi-User Barge Ramp within the Land Development Corporation (\$18.6 million), combined with water, sewerage and electricity infrastructure within Indigenous Essential Services Pty Ltd (\$22.2 million).
8. Net revaluation of infrastructure assets of \$26.7 million predominantly relate to increases in the value of transport assets within the Department of Infrastructure, Planning and Logistics (\$51.5 million) and park and wildlife facilities in Territory Wildlife Parks (\$5 million), offset by the impairment of the Multi-User Barge Ramp within the Land Development Corporation (\$14.8 million) and the revaluation of infrastructure assets within IES (\$14.5 million).
9. Net movement in power and water utility assets of \$241.2 million predominantly relate to the revaluation of assets of \$239.1 million.
10. Net movement in construction works in process of \$261.6 million predominantly relate to various road projects in the Department of Infrastructure, Planning and Logistics (\$130.7 million), power generation within Territory Generation (\$64.5 million), and water assets within the Power and Water Corporation (\$20.6 million), combined with community amenities within the Department of Housing and Community Development (\$39.6 million).
11. Net movement in plant and equipment of \$23.9 million predominantly relate to the acquisition of fleet vehicles across government (\$28 million).

Notes to the Financial Statements

For the year ended 30 June 2017

23. Property, Plant and Equipment (continued)

The fair value of land, buildings, infrastructure, utility assets and property, plant and equipment are determined on significant assumptions of the exit price and risks in the perspective of a market participant, using the best information available.

Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

The estimated useful lives for each class of asset are summarised below for agencies and other consolidated entities:

	Entities subject to FMA ¹	Other consolidated entities
Buildings	10 to 100 years	1 to 100 years
Infrastructure assets	8 to 70 years	n.a.
Utility assets	n.a.	1 to 100 years
Plant and equipment	1 to 20 years	2 to 20 years
Assets under finance lease	3 to 40 years	1 to 40 years

n.a.: not applicable

¹ *Financial Management Act.*

Assets are depreciated or amortised from the date of acquisition or the time an asset is completed and held ready for use.

Land Under Roads

Where land is set aside as Land Under Roads from Crown for which no consideration has been paid, no asset has been recognised in the financial statements on the basis the land does not satisfy the reliable measurement criterion. However, where land has been acquired at cost for the purpose of Land Under Roads then these are recognised as assets and initially measured at cost and subsequently impaired whenever there is an indication of impairment. Depreciation is not recognised in respect of these assets as with all land assets and their service potential is never consumed during any reporting period.

Property, Plant and Equipment

Items of property, plant and equipment with a cost, or other value, equal to or greater than \$10 000 and where they satisfy asset recognition criteria are recognised in the year of acquisition and depreciated. Items of property, plant and equipment below the \$10 000 threshold that do not meet the asset recognition criteria are expensed in the year of acquisition.

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Notes to the Financial Statements

For the year ended 30 June 2017

23. Property, Plant and Equipment (continued)

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Government in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and separately depreciated over their expected useful lives.

Leased Assets

Leases under which the agency assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

Finance leases are capitalised and recorded under property, plant and equipment. A lease asset and a lease liability equal to the lower of the fair value of the leased property and present value of the minimum lease payments, each determined at the inception of the lease, are recognised.

Repayments of principal reduce lease liabilities. The interest components of the lease payments are expensed.

Long-term leases over Aboriginal land are recognised as assets on the Balance Sheet of the Territory and amortised accordingly over the term of the lease arrangements. A corresponding liability is recognised under Borrowings.

Darwin Convention Centre Concession Arrangements – the Territory entered into contractual arrangements with Darwin Cove Convention Centre Pty Ltd ('the concession holder') under which, in return for a right to operate a convention centre, the concession holder was required to design, finance, construct, commission, control, operate, maintain, repair and refurbish the centre at the end of the concession period prior to the transfer of the centre to the Territory.

The concession holder, in turn, entered into a contractual arrangement with Ogden IFC (Darwin) Pty Ltd, now AEG Ogden, ('the operator') to operate and manage the centre. The concession arrangement will operate for a period of 25 years until June 2033, including a three-year handover phase.

The concession holder has also entered into separate contractual arrangements with Honeywell Ltd ('the facilities manager') for the maintenance, repair and refurbishment of the facility over the period until the centre is handed over to the Territory.

The concession arrangements provide for periodic payments by the Territory to the concession holder for the life of the concession period of 25 years following the construction of the centre. These payments primarily represent payments made in respect of debt, equity, construction and maintenance aspects of the project. Up to 75 per cent of these payments are subject to abatement if the facility should be unavailable, if the facility fails to meet availability standards or if the operator fails to achieve key performance indicators.

In addition, the arrangements also provide for the payment of a Territory operating payment that comprises the net cash shortfall arising from the operation of the Convention Centre during a year, capped to a maximum contribution and subject to negotiation. The legal framework for the centre includes incentives intended to encourage the operator to exceed benchmark levels of performance.

Expenses incurred under the availability payment and operating payment arrangements are included in the Comprehensive Operating Statement for the year.

Notes to the Financial Statements

For the year ended 30 June 2017

23. Property, Plant and Equipment (continued)

The liability under the Territory availability payment arrangement has been recognised as a liability of the Territory. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the availability payment. The Territory has also recognised the Convention Centre as an asset, being the Territory's equitable interest in the underlying physical asset. That asset will be amortised on a straight-line basis over the useful life of the asset.

Darwin Correctional Precinct – the Territory entered into contractual arrangements with Sentinel ('the concession holder') for the design, construction and financing of the Darwin Correctional Precinct and provision of a range of facilities management services across the precinct.

The Territory has retained responsibility for the operational management of the facilities through the Department of the Attorney-General and Justice and the Department of Health.

The concession arrangement will operate for a period of 30 years until 30 June 2044 and provides for Sentinel to ensure the facilities are available and fit for purpose and provide the services set out in the Services Specifications from completion of the facilities. Failure to do so exposes Sentinel to abatement in accordance with the abatement regime set out in the Project Deed. Payment for delivery of the services is made by the Territory over the 30-year operating term in the form of a quarterly service payment (QSP) paid in arrears.

The QSPs primarily represent payments made in respect of debt, equity, construction and the maintenance aspects of the project. Expenses incurred under the payment are included in the agency's Operating Statement for the year.

The liability under the payment arrangement has been recognised as a liability of the Territory. This liability will reduce over the life of the concession arrangement in line with those payments that represent the principal component of the payment. The Territory has also recognised the Correctional Precinct as an asset, being the Territory's equitable interest in the underlying physical asset. That asset will be amortised on a straight-line basis over the useful life of the asset.

Notes to the Financial Statements

For the year ended 30 June 2017

24. Investment Property

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Carrying amount as at 1 July	110 694	120 043	110 694	120 043
Additions	460		460	
Disposals	- 3 879	- 5 969	- 3 879	- 5 969
Transfers in/(out)				
Revaluations/impairment adjustments	- 3 779	- 3 380	- 3 779	- 3 380
Carrying amount as at 30 June	103 495	110 694	103 495	110 694

Investment property comprising property held to earn rentals within the Land Development Corporation and by the Motor Accident (Compensation) Commission and for capital appreciation within NT Home Ownership, are measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Revaluations are performed annually at the reporting date. Gains and losses arising from changes in the fair value of investment property are included in the Comprehensive Operating Statement within 'other economic flows – included in operating result' in the period in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the Comprehensive Operating Statement within 'other economic flows – included in operating result' in the period in which they arise. Investment property are not subject to depreciation.

The Territory's investment properties currently include NT Home Ownership's minority financial interest in urban housing acquired under various shared equity schemes. External advice was sought in relation to the accounting treatment of the Territory's financial interest in these properties and determined that these assets do not meet the definition of property, plant and equipment under AASB 116 Property, Plant and Equipment. The advice concluded that while NT Home Ownership does not hold interest in the properties for the purposes of earning rentals, NT Home Ownership's return on its investment in the properties is in the form of any capital appreciation, received when the co-owner decides to sell the property or fully repay its loan and consequently are to be classified as investment property in accordance with the requirements of AASB 140 Investment Property.

Notes to the Financial Statements

For the year ended 30 June 2017

25. Intangible Assets

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
a) Carrying amounts				
At cost	1 303	3 433	110 272	104 714
Accumulated amortisation	1 302	3 432	80 002	73 155
Written down value at 30 June	1	1	30 271	31 559
Total intangible assets	1	1	30 271	31 559
b) Reconciliation of movements				
Carrying amount at 1 July	1	1	31 559	53 513
Additions	400		26 108	37 392
Disposals	- 400		- 2 414	- 913
Amortisation			- 8 996	- 21 310
Revaluations/impairment adjustments			- 15 986	- 37 123
Carrying amount at 30 June	1	1	30 271	31 559

Total public sector intangibles largely consist of purchased software, renewable energy certificates and gas stocks. All intangible assets are originally stated at cost less accumulated amortisation and any accumulated impairment losses.

In accordance with Commonwealth legislation, the Territory's power retailer purchases and generates renewable energy certificates. Obligations to surrender certificates are disclosed as current liabilities, while rights held are of the nature of intangible assets. The assets and liabilities held under each scheme are acquitted throughout the year. Assets remaining after the acquittal process are expected to be realised within 12 months after the date of acquittal.

Other intangible assets consist of banked gas stocks paid for under the terms of a fixed agreement but not physically taken. These assets have indefinite useful lives and are tested for impairment at least annually, or whenever there is an indication the asset may be impaired.

Purchased software and in-house installation meets the criteria for recognition as an intangible asset. These intangible assets have limited useful lives and are amortised using the straight-line method over their estimated useful lives, which reflects the pattern of when expected economic benefits are likely to be realised. Assets are amortised from the date of acquisition or from the time the asset is held ready for use. Amortisation rates and methods are reviewed annually for appropriateness. When adjustments are made, they are reflected prospectively in current and future periods only.

The estimated useful life for finite intangible assets for agencies and consolidated entities are:

Entities subject to FMA	Other consolidated entities
2 to 10 years	1 to 21 years

Notes to the Financial Statements

For the year ended 30 June 2017

26. Assets Held for Sale

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Land	16 832	26 141	16 832	26 141
Total assets held for sale	16 832	26 141	16 832	26 141

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction or a grant agreement rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale or granting in its present condition. Management must be committed to the sale or grant agreement, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, and are not subject to depreciation or amortisation.

Non current assets (or disposal groups) held for sale are recognised at the lower of their previous carrying amount and fair value less costs to sell, in accordance with AASB 5 Non Current Assets Held for Sale and Discontinued Operations. These assets are not depreciated while they are classified as held for sale.

27. Other Non Financial Assets

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Asset				
Balance at 1 July	122 907	122 655	122 981	122 729
Additions		92		92
Disposals				
Transfers in/(out)	- 92	23	- 92	23
Revaluations/impairment adjustments	- 91	137	- 91	137
Balance at 30 June	122 724	122 907	122 798	122 981
Accumulated depreciation				
Balance at 1 July	330	369	336	375
Depreciation expense	31	23	32	23
Disposals				
Transfers in/(out)		- 81		- 81
Revaluations/impairment adjustments	- 8	18	- 8	18
Balance at 30 June	353	330	360	336
Carrying amount at 30 June	122 371	122 577	122 439	122 646

This category currently consists of heritage and cultural assets and includes natural sciences and archaeology within the Department of Tourism and Culture. Only those assets that can be reliably measured are recognised in TAFS.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets

a) 2016-17: General Government

i) Fair Value Hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
Assets				
Land (Note 23)		1 718 054	609 733	2 327 788
Buildings (Note 23)		783 976	4 494 392	5 278 368
Infrastructure (Note 23)			5 345 094	5 345 094
Plant and equipment (Note 23)			302 910	302 910
Investment property (Note 24)		58 495	45 000	103 495
Intangible assets (Note 25)			1	1
Assets held for sale (Note 26)		16 832		16 832
Other non financial assets (Note 27)			122 371	122 371
Total		2 577 357	10 919 501	13 496 857

There were transfers between level 2 and level 3 during the period for land and buildings.

ii) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
Assets			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

There were no changes in valuation techniques during the period.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets (continued)

iii) Additional Information for Level 3 Fair Value Measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2016 restated ¹	684 362	3 766 608	5 126 465	277 939	44 500	1	122 577	10 022 452
Additions/transfers in	963 360	1 120 681	7 975 850	155 412	460	400	120 485	10 336 649
Disposals/transfers out	- 983 191	- 915 390	- 7 739 415	- 74 863		- 400	- 120 486	- 9 833 746
Transfers from level 2								
Transfers to level 2	- 8 160	- 521						- 8 681
Depreciation		- 158 067	- 74 300	- 55 393			- 31	- 287 791
Gains/losses recognised in net surplus/deficit		- 1 940		- 253	40		- 120	- 2 273
Gains/losses recognised in other comprehensive income	- 46 638	683 022	56 494	68			- 54	692 891
Fair value as at 30 June 2017	609 733	4 494 392	5 345 094	302 910	45 000	1	122 371	10 919 501

¹ Balances at 2015-16 have been restated due to restatements in Top End Health Service (TEHS).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The highest and best use takes into account the use of the asset that is physically possible, legally permissible and financially feasible.

When measuring fair value, the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets or liabilities.

Observable inputs are publicly available data relevant to the characteristics of the assets or liabilities being valued. Observable inputs include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgments not available publicly, but relevant to the characteristics of the assets or liabilities being valued. Such inputs include internal adjustments to observable data to take account of particular and potentially unique characteristics or functionality of assets and liabilities, and assessments of physical condition and remaining useful life.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy based on the inputs used:

Level 1 – inputs are quoted prices in active markets for identical assets or liabilities.

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These predominantly relate to urban, public and government employee land and dwellings, and residential and commercial land held for sale. These assets were based on market evidence of sales price as per square metre of comparable land and buildings.

Level 3 – inputs are unobservable, predominantly relate to specialised buildings and infrastructure and were determined by computing their depreciated replacement costs because an active market does not exist for such facilities. The depreciated replacement cost was based on a combination of internal records of the historical cost of the facilities, adjusted for contemporary technology and construction approaches. Significant judgement was also used in assessing the remaining service potential of the facilities, given local environmental conditions, projected usage and records of the current conditions of the facilities. Selected electrical network infrastructure, water and sewerage assets, gas pipeline assets, and remote generation assets values were determined using the income approach. The income approach converts future amounts (for example, cash flows or income and expenses) to a single current (that is, discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

b) 2016-17: Total Public Sector

i) Fair Value Hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
Assets				
Land (Note 23)		1 804 890	611 060	2 415 950
Buildings (Note 23)		783 976	4 558 294	5 342 269
Infrastructure (Note 23)			6 028 760	6 028 760
Power and water utility assets (Note 23)			1 992 520	1 992 520
Plant and equipment (Note 23)			322 129	322 129
Investment property (Note 24)		58 495	45 000	103 495
Intangible assets (Note 25)			30 271	30 271
Assets held for sale (Note 26)		16 832		16 832
Other non financial assets (Note 27)			122 439	122 439
Total		2 664 193	13 710 471	16 374 663

There were transfers between level 2 and level 3 during the period for land, buildings and infrastructure assets.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets (continued)

ii) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
Assets			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Power and water utility assets			Income/Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

The valuation technique applied to selected electrical network and infrastructure, water and sewerage assets, gas pipeline assets, and remote generation assets within PWC is the income approach. Remaining utility assets are valued on the cost approach.

iii) Additional Information for Level 3 Fair Value Measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Power and water utility assets	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2016 Restated ¹	684 362	3 792 700	5 862 686	1 751 355	298 203	44 500	31 559	122 646	12 588 010
Additions/transfers in	963 361	1 121 611	8 015 939	120 408	158 124	460	26 108	120 485	10 526 496
Disposals/transfers out	- 983 191	- 915 393	- 7 739 088	- 4 877	- 74 863		- 2 394	- 120 486	- 9 840 290
Transfers from level 2	1 219	41 810							43 029
Transfers to level 2	- 8 160	- 521							- 8 681
Depreciation		- 161 983	- 137 658	- 113 451	- 59 150		- 8 996	- 32	- 481 270
Gains/losses recognised in net surplus/deficit		- 1 940	- 14 848	3 203	- 253	40	- 16 006	- 120	- 29 926
Gains/losses recognised in other comprehensive income	- 46 531	682 009	41 729	235 882	68			- 54	913 102
Fair value as at 30 June 2017	611 060	4 558 294	6 028 760	1 992 520	322 129	45 000	30 271	122 439	13 710 471

1 Balances at 2015-16 have been restated due to restatements in the PWC, IES and TEHS.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets (continued)

c) 2015-16 Restated: General Government

i) Fair Value Hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total fair value \$000
Assets				
Land (Note 23)		1 680 167	684 362	2 364 529
Buildings (Note 23)		863 608	3 766 608	4 630 216
Infrastructure (Note 23)			5 126 465	5 126 465
Plant and equipment (Note 23)			277 939	277 939
Investment property (Note 24)		66 194	44 500	110 694
Intangible assets (Note 25)			1	1
Assets held for sale (Note 26)		26 141		26 141
Other non financial assets (Note 27)			122 577	122 577
Total		2 636 110	10 022 452	12 658 561

There were no transfers between level 2 and level 3 during the period for land, buildings and infrastructure assets.

ii) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
Assets			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

There were no changes in valuation techniques during the period.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets (continued)

iii) Additional Information for Level 3 Fair Value Measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2015	610 669	3 534 309	5 078 303	243 273	43 000	1	122 285	9 631 841
Additions/transfers in	36 157	276 429	264 528	109 992			207	687 312
Disposals/transfers out	- 28 168	- 32 881	- 239 232	- 21 535			- 10	- 321 828
Transfers from level 2			68					68
Transfers to level 2	- 1 490	- 14 869						- 16 359
Depreciation		- 154 819	- 63 298	- 54 533			- 23	- 272 673
Gains/losses recognised in net surplus/deficit	27	- 2 007	- 45	- 216	1 500			- 741
Gains/losses recognised in other comprehensive income	67 167	160 446	86 141	958			118	314 831
Fair value as at 30 June 2016	684 362	3 766 608	5 126 465	277 939	44 500	1	122 577	10 022 452

d) 2015-16 Restated: Total Public Sector

i) Fair Value Hierarchy

Fair values of non financial assets categorised by level of inputs used to compute fair value are:

	Level 1	Level 2	Level 3	Total fair value
	\$000	\$000	\$000	\$000
Assets				
Land (Note 23)		1 764 953	684 362	2 449 314
Buildings (Note 23)		905 418	3 792 700	4 698 118
Infrastructure (Note 23)			5 862 686	5 862 686
Power and water utility assets (Note 23)			1 751 355	1 751 355
Plant and equipment (Note 23)			298 203	298 203
Investment property (Note 24)		66 194	44 500	110 694
Intangible assets (Note 25)			31 559	31 559
Assets held for sale (Note 26)		26 141		26 141
Other non financial assets (Note 27)			122 646	122 646
Total		2 762 706	12 588 010	15 350 716

There were transfers between level 2 and level 3 during the period for land, buildings, and infrastructure assets.

Notes to the Financial Statements

For the year ended 30 June 2017

28. Fair Value Measurement of Non Financial Assets (continued)

ii) Valuation Techniques and Inputs

Valuation techniques used to measure fair value are:

	Level 1 techniques	Level 2 techniques	Level 3 techniques
Assets			
Land		Market	Cost
Buildings		Market	Cost
Infrastructure		Market	Cost
Power and water utility assets			Income/Cost
Plant and equipment			Cost
Investment property		Market	Cost
Intangible assets			Cost
Assets held for sale		Market	
Other non financial assets			Cost

iii) Additional Information for Level 3 Fair Value Measurements

Reconciliation of recurring level 3 fair value measurements

	Land	Buildings	Infrastructure	Power and water utility assets	Plant and equipment	Investment property	Intangible assets	Other non financial assets	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Fair value as at 1 July 2015	705 553	3 728 358	5 804 470	1 653 115	267 377	43 000	53 513	122 354	12 377 739
Additions/transfers in	113 246	329 098	459 939	297 416	141 899		37 392	207	1 379 197
Disposals/transfers out	- 105 152	- 80 536	- 266 567	- 20 583	- 52 435		- 913	- 10	- 526 197
Transfers from level 2			68						68
Transfers to level 2	- 96 480	- 170 240							- 266 720
Depreciation		- 163 576	- 132 158	- 114 481	- 59 381		- 21 310	- 23	- 490 928
Gains/losses recognised in net surplus/deficit	27	- 2 036	- 45	- 27 114	- 216	1 500	- 31 941		- 59 825
Gains/losses recognised in other comprehensive income	67 167	151 631	- 3 021	- 36 998	958		- 5 182	118	174 676
Fair value as at 30 June 2016 restated	684 362	3 792 700	5 862 686	1 751 355	298 203	44 500	31 559	122 646	12 588 010

Notes to the Financial Statements

For the year ended 30 June 2017

29. Deposits Held

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Accountable Officers Trust Account (a)	59 806	50 598	59 827	50 637
Clearing money	11 159	18 342	11 471	18 864
Interest-bearing deposits	337 843	279 781	509	387
Other	8 049	12 627	9 728	13 918
Total deposits held	416 857	361 349	81 535	83 805
a) Accountable Officers' Trust Account comprises¹:				
Central Australia Health Service	667	661	667	661
Department of Corporate and Information Services	112	112	112	112
Department of Education	5		5	
Department of Local Government and Community Services ²		1 737		1 737
Department of Housing ³		4 901		4 901
Department of Housing and Community Development ^{2,3}	6 874		6 874	
Department of Infrastructure ⁴		371		371
Department of Transport ⁵		37		37
Department of Lands, Planning and the Environment ⁶		4 035		4 035
Department of Infrastructure, Planning and Logistics ^{4,5,6}	1 402		1 402	
Department of Mines and Energy ⁷		26 068		26 068
Department of Primary Industry and Fisheries ⁸		2 069		2 069
Department of Primary Industry and Resources ^{7,8}	41 439		41 439	
Department of Correctional Services ⁹		1 102		1 102
Department of the Attorney-General and Justice ⁹	4 157	1 747	4 157	1 747
Department of the Legislative Assembly		1		1
Department of Arts and Museums ¹⁰		67		67
Parks and Wildlife Commission of the Northern Territory ¹¹		138		138
Department of Tourism and Culture ^{10,11}	203		203	
Department of Business ¹²		3 764		3 764
Land Development Corporation			21	39
Northern Territory Police, Fire and Emergency Services	4 033	3 078	4 033	3 078
NT Legal Aid Commission	27	11	27	11
Territory Wildlife Parks	12	8	12	8
Top End Health Service	876	690	876	690
	59 806	50 598	59 827	50 637

1 As a result of machinery of government changes some government agencies ceased to exist in 2016-17.

2 Department of Local Government and Community Services ceased to exist in 2016-17 and is now the Department of Housing and Community Development.

3 Department of Housing ceased to exist in 2016-17 and is now the Department of Housing and Community Development.

4 Department of Infrastructure ceased to exist in 2016-17 and is now the Department of Infrastructure, Planning and Logistics.

5 Department of Transport ceased to exist in 2016-17 and is now the Department of Infrastructure, Planning and Logistics.

6 Department of Lands, Planning and the Environment ceased to exist in 2016-17 and is now the Department of Infrastructure, Planning and Logistics.

7 Department of Mines and Energy ceased to exist in 2016-17 and is now the Department of Primary Industry and Resources.

8 Department of Primary Industry and Fisheries ceased to exist in 2016-17 and is now the Department of Primary Industry and Resources.

9 Department of Correctional Services ceased to exist in 2016-17 and is now the Department of the Attorney-General and Justice.

10 Department of Arts and Museums ceased to exist in 2016-17 and is now the Department of Tourism and Culture.

11 Parks and Wildlife Commission of the Northern Territory ceased to exist in 2016-17 and is now the Department of Tourism and Culture.

12 Department of Business ceased to exist in 2016-17 and is now the Department of Trade, Business and Innovation.

Notes to the Financial Statements

For the year ended 30 June 2017

30. Advances Received

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Department of Housing ¹		2 004		
Department of Housing and Community Development ¹	2 279			
Department of Primary Industry and Fisheries ²		6 317		6 317
Department of Primary Industry and Resources ²	5 317		5 317	
NT Home Ownership	5 707	8 579		
Northern Territory Treasury Corporation			7 434	7 104
	13 303	16 900	12 751	13 421
Non current				
Department of Housing ¹		74 350		
Department of Housing and Community Development ¹	72 071			
NT Home Ownership	196 507	202 214		
Northern Territory Treasury Corporation			208 736	216 170
	268 578	276 564	208 736	216 170
Total advances received	281 881	293 464	221 486	229 590

1 Department of Housing ceased to exist in 2016-17 and is now the Department of Housing and Community Development.

2 Department of Primary Industry and Fisheries ceased to exist in 2016-17 and is now the Department of Primary Industry and Resources.

General Government advances received reflect loans received from public sector bodies for policy purposes and are eliminated at Total Public Sector. At the Total Public Sector these are primarily the original Commonwealth loans issued at Self-Government and are recorded initially at fair value, net of transaction costs.

Notes to the Financial Statements

For the year ended 30 June 2017

31. Borrowing

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Finance leases	6 784	6 116	7 726	6 697
Loans	503 199	392 847	213 199	76 755
	509 983	398 963	220 925	83 452
Non current				
Finance leases	623 680	626 279	631 445	633 013
Loans	1 858 950	2 072 149	3 562 015	3 716 517
	2 482 630	2 698 428	4 193 460	4 349 530
Total borrowing	2 992 613	3 097 390	4 414 384	4 432 981

Borrowings represent funds raised for liquidity management purposes from the following sources: loans raised by the Commonwealth on behalf of the Territory, domestic and overseas borrowings by the Northern Territory Treasury Corporation (NTTC), and overdraft facilities obtained from the commercial banking sector by public non financial corporations and public financial corporations.

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any differences between the initial recognised amount and the redemption amount recognised in the Comprehensive Operating Statement over the period of the borrowing using the effective interest rate method.

Maturity analysis of borrowing disclosed under Interest Rate Risk in Note 39, Financial Instruments and Risk Management.

32. Superannuation Liabilities

Employees' superannuation entitlements are provided through either a defined contribution plan or a defined benefits plan.

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered the service entitling them to the contributions. These include employee-nominated non-government schemes for those employees commencing on or after 10 August 1999. As they are funded on an ongoing basis, a liability is generally not recognised, however a liability is recognised for the superannuation costs associated with the benefits accrued for employees in respect of annual leave and long service leave.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

Defined Benefit Plans

For defined benefit superannuation plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations carried out at each reporting date.

The projected unit credit method calculates the accrued liability by discounting the value of the expected future benefit payments, after allowing for future salary increases, future interest and future pension increases where applicable, arising from membership completed prior to the reporting date. The discount rate used is the 10-year Commonwealth government bond rate as at 30 June 2017, which was 2.7 per cent; the equivalent rate as at 30 June 2016 was 2 per cent.

Actuarial gains and losses are recognised in full in the Comprehensive Operating Statement as an 'other economic flow – other comprehensive income' in the period in which they occur.

The defined benefit superannuation plans include:

- Northern Territory Government and Public Authorities' Superannuation Scheme (NTGPASS)
- Commonwealth Superannuation Scheme (CSS)
- Northern Territory Supplementary Superannuation Scheme (NTSSS)
- Northern Territory Police Supplementary Benefit Scheme (NTPSBS)
- Legislative Assembly Members' (LAMS) Fund and other statutory schemes.

Scheme Information

Northern Territory Government and Public Authorities' Superannuation Scheme

NTGPASS is a contributory lump sum superannuation scheme that was closed to new members from 10 August 1999. On retirement the following benefits are payable:

- the members accumulation account, plus
- an accrued employer component.

The accrued employer component is calculated as 2.5 per cent times total benefit points times the benefit salary.

Commonwealth Superannuation Scheme

The benefits provided by the scheme include an employer-financed defined benefit and the members' accumulation balances. The amount of retirement benefit is the sum of:

- an employer-financed indexed pension
- the accumulated value of productivity contributions (this can be converted to a non-indexed pension)
- the accumulated value of member contributions.

The employer-financed indexed pension is calculated as a percentage of final salary and discounted for early retirement before the maximum retirement age. CSS was closed on 1 October 1986 to all new Territory employees except police who were eligible to join until 1 January 1988.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

Northern Territory Supplementary Superannuation Scheme

The NTSSS is a non-contributory lump sum superannuation scheme that was closed to new members from 10 August 1999. The standard benefit is 3 per cent of annual salary plus approved allowances on the last day of employment for each year of service since October 1988.

Northern Territory Government Death and Invalidity Scheme

The scheme provides death and disablement cover to all public sector employees under Choice of Fund arrangements.

The NTPSBS, LAMS, Administrator and judges schemes are all pension-based schemes.

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current	255 744	247 095	255 744	247 095
Non current	3 420 409	4 016 755	3 420 409	4 016 755
Total superannuation liabilities (a)	3 676 153	4 263 850	3 676 153	4 263 850

a) The Northern Territory Government Superannuation Schemes Comprise:

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
LAMS	62 116	102 277	62 116	102 277
CSS	2 159 200	2 560 900	2 159 200	2 560 900
NTGPASS	961 860	1 058 316	961 860	1 058 316
NTSSS	240 310	270 478	240 310	270 478
NTPSBS	68 124	74 509	68 124	74 509
Northern Territory Government Death and Invalidity Scheme (NTGDIS)	82 740	83 731	82 740	83 731
Statutory schemes ¹	101 803	113 639	101 803	113 639
	3 676 153	4 263 850	3 676 153	4 263 850

¹ Statutory schemes comprise the superannuation liability for the Administrator and judges.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

The values reported above are based on estimates of the size and timing of future benefit payments obtained through actuarial reviews conducted at three-yearly intervals that are updated on an annual basis. NTGPASS, NTSSS, Supreme Court Judges Pension Scheme, NTGDIS, Administrators Pension Scheme and the LAMS Fund are based on triannual reviews conducted 30 June 2016, however updated for 30 June 2017. The NTPSBS and CSS are based on triannual reviews as at 30 June 2015, however updated for 30 June 2017.

Assumptions are made regarding discount rate, salary rate, expected return on scheme assets, inflation and imputed cost of interest.

	30 June 2017	30 June 2016
	%	%
Key Assumptions		
Key assumptions as at balance date and for following year expense:		
Discount rate (gross of tax)	2.70	2.00
Salary rate ¹	3.00	3.00
Expected return on scheme assets (net of tax)	6.50	6.50
Inflation (pensions)	2.00	2.50
Imputed cost of interest	2.00	3.00
Tax rate for employer contributions ²	nil	nil

¹ Salary rate (3 per cent in 2017-18 and 3.5 per cent onwards)

² Tax rate for employer contributions for LAMS is 15 per cent.

Amounts in the Financial Statements

	30 June 2017	30 June 2016
	\$000	\$000
Balance Sheet		
Present value of the defined benefit obligation at end of year	3 703 651	4 283 555
Fair value of plan assets at end of year	- 68 408	- 65 130
Net present value of creditors ¹	40 910	45 425
Net liability/(asset) recognised in balance sheet at end of year	3 676 153	4 263 850
¹ NTGPASS, NTSSS and NTGDIS		
Operating Statement		
Employer service cost	75 567	75 027
Net interest cost	82 617	111 465
Losses (gains) on settlements		
Total included in employee benefit expense	158 184	186 492
Remeasurements in other comprehensive income		
Actual return on fund assets less interest income	- 6 466	1 965
Actuarial (gains)/losses on liability	- 555 323	395 829
Adjustment for asset ceiling		
Total remeasurement included in other comprehensive income	- 561 789	397 794

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

	30 June 2017	30 June 2016
	\$000	\$000
Explanation of Amounts in the Financial Statements		
Reconciliation of the Net Defined Benefit Liability/(Asset)		
Net defined benefit liability/(asset) at beginning of year	4 218 426	3 801 660
Expense recognised in income statement	158 184	186 492
Employer contributions	- 179 577	- 167 520
Remeasurements in other comprehensive income	- 561 789	397 794
Net defined benefit liability/(asset) at year end	3 635 244	4 218 426
Reconciliation from Opening to Closing Balance of the Following:		
Reconciliation of Plan Assets		
Fair value of the plan assets at the beginning of the year	65 130	67 773
Employer contributions	179 577	167 520
Participant contributions	473	287
Benefit payments	- 183 448	- 171 192
Taxes and expenses paid	- 1 048	714
Interest income	1 258	1 993
Actual return on plan assets less interest income	6 466	- 1 965
Assets at year end	68 408	65 130
Reconciliation of the Present Value of the Defined Benefit Obligation		
Total defined benefit obligation at the beginning of the year	4 283 555	3 869 432
Employer service cost	75 567	75 027
Interest expense	83 875	113 458
Participant contributions	473	287
Taxes and expenses paid	- 1 048	714
Benefit payments	- 183 448	- 171 192
Actuarial (gain)/loss on liabilities due to changes in demographic assumptions		- 6 488
Actuarial (gain)/loss on liabilities due to changes in financial assumptions	- 601 461	443 463
Actuarial (gain)/loss on liabilities due to changes in liability experience	46 138	- 41 146
Total defined benefit obligation at year end	3 703 651	4 283 555

Note: LAMS is the only unfunded scheme that has assets.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

Sensitivity Analysis – LAMS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount Rate Change	Defined Benefit Obligation	Change in Obligation	Estimated Impact
	%	\$000	\$000	% change
Base case		130 524		
Discount rate	1.0	110 187	- 20 338	- 15.6
Discount rate	- 1.0	156 438	25 914	19.9
Salary	1.0	155 156	24 631	18.9
Salary	- 1.0	110 726	- 19 798	- 15.2
Mortality rates	10.0	126 681	- 3 843	- 2.9
Mortality rates	- 10.0	134 848	4 324	3.3

Maturity Profile of Defined Benefit Obligation – LAMS

The weighted average term of the defined benefit obligation is 16 years.

Sensitivity Analysis – Supreme Court Judges Pension Scheme (JPS)

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount Rate Change	Defined Benefit Obligation	Change in Obligation	Estimated Impact
	%	\$000	\$000	% change
Base case		97 606		
Discount rate	1.0	85 282	- 12 324	- 12.6
Discount rate	- 1.0	112 846	15 240	15.6
Inflation	1.0	112 348	14 742	15.1
Inflation	- 1.0	85 404	- 12 202	- 12.5
Mortality rates	10.0	94 406	- 3 200	- 3.3
Mortality rates	- 10.0	101 225	3 619	3.7

Maturity Profile of Defined Benefit Obligation – Supreme Court JPS

The weighted average term of the defined benefit obligation is 14 years.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

Sensitivity Analysis – NTPSBS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		68 124		
Discount rate	1.0	58 932	- 9 192	- 13.5
Discount rate	- 1.0	79 729	11 605	17.0
Inflation	1.0	79 243	11 119	16.3
Inflation	- 1.0	59 116	- 9 008	- 13.2
Mortality rates	10.0	66 544	- 1 580	- 2.3
Mortality rates	- 10.0	69 887	1 764	2.6
Commutation rate	0.0	69 803	1 680	2.5
Commutation rate	30.0	66 444	- 1 680	- 2.5

Maturity Profile of Defined Benefit Obligation – NTPSBS

The weighted average term of the defined benefit obligation is 16 years.

Sensitivity Analysis – Administrator Scheme

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		4 197		
Discount rate	1.0	3 867	- 330	- 7.9
Discount rate	- 1.0	4 579	381	9.1
Inflation	1.0	4 572	374	8.9
Inflation	- 1.0	3 866	- 331	- 7.9
Mortality rates	10.0	4 015	- 183	- 4.3
Mortality rates	- 10.0	4 406	209	5.0

Maturity Profile of Defined Benefit Obligation – Administrator Scheme

The weighted average term of the defined benefit obligation is nine years.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

Sensitivity Analysis – NTGPASS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		943 200		
Discount rate	1.0	874 000	- 69 200	- 7.3
Discount rate	- 1.0	1 022 400	79 200	8.4
Salary	1.0	1 037 300	94 100	10.0
Salary	- 1.0	859 800	- 83 400	- 8.8
Pension	1.0	943 200		
Pension	- 1.0	943 200		

Maturity Profile of Defined Benefit Obligation – NTGPASS

The weighted average term of the defined benefit obligation is 12 years.

Sensitivity Analysis – NTSSS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		231 900		
Discount rate	1.0	214 500	- 17 400	- 7.5
Discount rate	- 1.0	251 800	19 900	8.6
Salary	1.0	251 400	19 500	8.4
Salary	- 1.0	214 500	- 17 400	- 7.5
Pension	1.0	231 900		
Pension	- 1.0	231 900		

Maturity Profile of Defined Benefit Obligation – NTSSS

The weighted average term of the defined benefit obligation is 12 years.

Notes to the Financial Statements

For the year ended 30 June 2017

32. Superannuation Liabilities (continued)

Sensitivity Analysis – CSS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		2 159 200		
Discount rate	1.0	1 882 200	- 277 000	- 12.8
Discount rate	- 1.0	2 504 600	345 400	16.0
Salary	1.0	2 168 200	9 000	0.4
Salary	- 1.0	2 150 800	- 8 400	- 0.4
Pension	1.0	2 473 400	314 200	14.6
Pension	- 1.0	1 898 800	- 260 400	- 12.1

Maturity Profile of Defined Benefit Obligation – CSS

The weighted average term of the defined benefit obligation is 12 years.

Sensitivity Analysis – NTGDIS

The entity's total defined benefit obligation as at 30 June 2017 under several scenarios is presented below.

	Discount rate change	Defined benefit obligation	Change in obligation	Estimated impact
	%	\$000	\$000	% change
Base case		68 900		
Discount rate	1.0	63 000	- 5 900	- 8.6
Discount rate	- 1.0	75 700	6 800	9.9
Salary	1.0	75 600	6 700	9.7
Salary	- 1.0	63 000	- 5 900	- 8.6
Pension	1.0	68 900		
Pension	- 1.0	68 900		

Maturity Profile of Defined Benefit Obligation – NTGDIS

The weighted average term of the defined benefit obligation is 12 years.

Notes to the Financial Statements

For the year ended 30 June 2017

33. Other Employee Benefits

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Accrued salaries	18 772	10 097	22 559	10 737
Recreation leave	271 118	263 915	298 855	297 538
Long service leave	208 730	197 355	227 209	214 365
Provision for employer superannuation contributions	19 789	19 226	19 834	19 258
	518 409	490 592	568 456	541 897
Non current				
Long service leave	105 551	101 281	114 766	106 669
	105 551	101 281	114 766	106 669
Total other employee benefits	623 960	591 873	683 223	648 567

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows calculated using the appropriate government bond rate and taking into consideration expected future salary and wage levels, experience of employee departures and periods of service.

All recreation leave and unconditional long service leave liabilities are classified as current liabilities.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

34. Payables

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Accounts payable	55 515	56 452	132 894	167 463
Accrued expenses	152 855	150 032	216 991	182 647
Total payables	208 370	206 484	349 885	350 110

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the agency.

Notes to the Financial Statements

For the year ended 30 June 2017

35. Other Liabilities

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Current				
Provisions:				
Provision for current taxes	3 114	3 228	2 865	3 526
Provision for outstanding claims	74 205	80 164	74 205	80 164
Provision for workers compensation premiums	53	55	53	55
Other provisions	7 908	501	3 742	18 559
Workers compensation liability (a)	27 968	28 522	27 968	28 522
Unearned revenue	59 361	65 525	110 284	100 441
	172 610	177 995	219 118	231 267
Non current				
Provisions:				
Provision for outstanding claims	475 496	528 205	475 496	528 205
Other provisions	49 519	64 040	54 514	69 040
Workers compensation liability (a)	118 633	104 133	118 633	104 133
Unearned revenue	23 667	25 097	23 656	25 097
	667 315	721 476	672 300	726 476
Total other liabilities	839 925	899 470	891 417	957 743

a) Workers Compensation Liability Comprises:

<i>Return to Work Act</i>	141 795	126 027	141 795	126 027
<i>Comcare (Commonwealth Act)</i>	4 806	6 628	4 806	6 628
	146 601	132 655	146 601	132 655

b) Reconciliation of Provisions

	General government				Total public sector			
	Outstanding claims	Current taxes	Workers compensation	Other	Outstanding claims	Current taxes	Workers compensation	Other
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Movements in provisions during the year were as follows:								
Brought forward as at 1 July 2016	608 369	3 228	132 655	64 596	608 369	3 526	132 655	87 654
Effect of changes in assumptions	- 91 715		7 700	- 6 650	- 91 715		7 700	- 6 650
Increase in claims incurred/ recoveries anticipated over the year	80 625	8 719	6 914	- 36	80 625	8 590	6 914	- 36
Payments	- 47 577	- 8 833	- 668		- 47 577	- 9 251	- 668	
Other movements				- 430				- 22 659
Balance at 30 June 2017	549 701	3 114	146 601	57 480	549 701	2 865	146 601	58 310

Notes to the Financial Statements

For the year ended 30 June 2017

35. Other Liabilities (continued)

The outstanding claims predominantly relate to general claims and HIH insurance claims originating from the WorkHealth system in the Nominal Insurer and outstanding claims held by the MAC scheme.

Workers compensation liabilities comprise those under the *Return to Work Act*, and Comcare liabilities under Commonwealth legislation. The change in liability for the year ended 30 June 2017 is based upon an actuarial assessment of the value of outstanding claims at the end of the period and takes into account revisions to earlier years' estimates of the value of outstanding claims.

Current taxes provisions largely relates to fringe benefits tax.

Other provisions predominantly relate to the construction industry's portable long service leave benefits.

36. Commitments

a) Capital expenditure commitments

Capital expenditure commitments represent contracted capital expenditure with non-public sector entities additional to the amounts reported in the financial statements. These contracts are expected to require payment as follows:

	Total public sector	
	2016-17	2015-16
	\$000	\$000
Not later than one year	318 338	427 941
Later than one year and not later than five years	30 840	90 011
Later than five years		
Total capital expenditure commitments	349 178	517 952

b) Operating lease commitments

Future non-cancellable operating lease commitments not provided for in the financial statements and payable:

Not later than one year	240 402	117 565
Later than one year and not later than five years	555 551	297 326
Later than five years	225 525	217 389
Total operating lease commitments	1 021 478	632 280

c) Other non cancellable contract commitments

Not later than one year	510 456	513 731
Later than one year and not later than five years	1 559 848	1 428 807
Later than five years	3 451 201	3 762 362
Total other non cancellable contract commitments	5 521 505	5 704 900

The most significant portion continues to relate to gas purchase commitments including take-or-pay obligations under a 25-year gas sale agreement.

Notes to the Financial Statements

For the year ended 30 June 2017

37. Reserves

	General government		Total public sector	
	2016-17	2015-16 Restated	2016-17	2015-16 Restated
	\$000	\$000	\$000	\$000
Reserves				
Balance at the beginning of the financial year	7 752 078	7 795 250	7 032 244	6 979 596
Movements through the year	824 602	- 43 172	783 520	52 648
Balance at end of the financial year (a)	8 576 681	7 752 078	7 815 764	7 032 244

a) Reserves Comprise:

Asset revaluation surplus

This reserve is used to record increments and decrements on the revaluation of non-current assets. The reserve may also be adjusted as a result of asset impairment adjustments.

Balance at the beginning of the financial year	6 338 423	6 172 892	7 014 292	6 978 965
Impairment losses/reversals	710	1 850	20 741	- 17 112
Revaluation increments/(decrements)	629 401	163 681	761 950	52 438
Balance at end of the financial year	6 968 534	6 338 423	7 796 983	7 014 292

Investments in public sector entities revaluation surplus

This reserve comprises the general government's share of the asset revaluation surplus of investments in other sectors of government.

Balance at the beginning of the financial year	1 395 704	1 621 728
Movements in net assets of public sector entities	193 662	- 226 024
Balance at end of the financial year	1 589 366	1 395 704

Other reserves

Balance at the beginning of the financial year	17 952	631	17 952	631
Revaluation increments/(decrements)	829	17 321	829	17 321
Balance at end of the financial year	18 781	17 952	18 781	17 952

Investment in Public Sector Entities

The values of all holdings in entities external to a sector controlled by that sector are included in equity. The general government sector is considered to control all other government entities. The movement in the net worth of subsectors (that is, the public non financial corporations and public financial corporations) is included in the value of equity for the general government sector. Similarly, the non financial public sector includes the movement in the net worth of the public financial corporations sector.

In reporting the total public sector, the Government equity in public financial and non financial corporations are eliminated upon consolidation.

Notes to the Financial Statements

For the year ended 30 June 2017

38. Contingent Assets and Liabilities

Contingent Assets

A contingent asset is a possible asset that arises from past events, which will only be realised by uncertain future events not wholly within the control of the entity; or an asset not recognised because it is not probable the future economic benefits inherent in the asset will eventuate, or the asset does not have a value that can be measured reliably.

Under the *Crimes (Victims Assistance) Act*, the Territory is entitled to recover monies from an offender equal to the amount of assistance, costs and disbursements paid to victims under the Act. However, due to the circumstances of offenders including being imprisoned for lengthy terms, declared bankrupt or unable to be located, it is probable that a significant proportion of the amounts owed are uncollectable. Therefore, any contingent asset cannot be reliably quantified.

For disclosure of a contingent asset associated with the granting of a concession to Darwin Cove Convention Centre Pty Ltd, refer to the Property and Business Services section under Unquantifiable Contingent Liabilities.

Contingent Liabilities

A contingent liability is a liability that the Government may be called on to meet at some future date if a specified event should occur. Contingent liabilities of the Territory may arise out of a range of circumstances, the most common of which are indemnities and guarantees contained in agreements executed by the Territory. Contingent liabilities may also arise as a result of undertakings made by the Territory or as a result of legislation containing a guarantee or indemnity.

The Treasurer's Directions (G2.5 – Guarantees and Indemnities) states that:

- a guarantee is an undertaking on the part of the Territory to be responsible for another's debt or contractual performance if that other person does not pay or perform
- an indemnity is a written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability

Agencies are required to maintain a register of contingent liabilities in accordance with the Treasurer's Directions. In relation to the reporting of contingent liabilities, the Treasurer has determined a materiality threshold of \$5 million.

Net present value amounts referred to in this schedule are calculated based on a discount factor of 2.7 per cent per annum. The discount rate is based on the published Commonwealth 10-year bond rate.

Details of estimated amounts of material contingent liabilities as at 30 June 2017 resulting from guarantees or indemnities granted by the Territory are presented as follows.

Quantifiable Contingent Liabilities

Details of estimated amounts of remaining material quantifiable contingent liabilities as at 30 June 2017, resulting from guarantees or indemnities granted by the Territory, are presented in the following table.

	Estimated quantifiable contingent liability as at 30 June 2017
	\$M
Public Trustee Common Fund 1	33.5

Notes to the Financial Statements

For the year ended 30 June 2017

38. Contingent Assets and Liabilities (continued)

The Public Trustee Common Fund 1, which had a reported total of \$33.5 million as at 30 June 2017, is government guaranteed.

Under section 97 of the *Public Trustee Act*, the Treasurer indemnifies the Common Fund against any deficiencies in money available to meet claims on it. The Common Fund is a repository for all moneys received by the Public Trustee on behalf of estates, trusts or persons, and earns interest. Money to the credit of the Common Fund is invested according to the directions issued by an Investment Board.

Although a material statutory contingent liability exists, the prospect of this contingent liability being called upon is considered low.

Unquantifiable Contingent Liabilities

Unquantifiable contingent liabilities exist, which could pose a risk to the Government's financial projections.

Transport

The Territory has contingent liabilities in this category that relate to indemnities and guarantees provided in support of the Adelaide to Darwin railway project.

AARC and the Territory and South Australian governments have entered into a concession arrangement for the Adelaide to Darwin railway on a build, own, operate and transfer-back basis.

Unquantifiable contingent liabilities of the Territory in relation to the Adelaide to Darwin railway project relate to the following:

- joint guarantee of the obligations of AARC
- indemnities granted in relation to title over the railway corridor (title is secure but the indemnity continues).

AARC and the governments have comprehensive risk management procedures in place for all events that would give rise to liabilities.

Prior to the long-term lease of the Port of Darwin, the railway corridor interfacing the port was owned by Darwin Port Corporation (DPC), which leased the facilities to the concession holder. As part of the long-term lease of the Darwin port, the railway corridor was transferred to the Territory and leased to the concession holder. There are contingent liabilities that arise out of any loss or claim incurred or suffered as a result of the Territory's failure to comply with its environmental obligation contained in the lease. The lease contains similar indemnities given by the lessee with respect to contamination caused by the lessee and a failure to comply with its environmental obligations. To the extent that DPC had contingent liabilities prior to the Port of Darwin transaction, the Territory Government has the same contingent liabilities now.

The Territory Government has entered into agreements for the relocation of fuel terminals from near the Darwin central business district to the East Arm industrial estate. The agreements include certain unquantifiable contingent liabilities in favour of the developer of the fuel terminal and Shell, an oil company. Government has put in place comprehensive risk management processes to address potential exposure.

Notes to the Financial Statements

For the year ended 30 June 2017

38. Contingent Assets and Liabilities (continued)

The Territory has assumed DPC's indemnity in relation to certain remedial works at East Arm Port. The indemnity covers third-party claims, loss, damage, cost and expenses that may be incurred or sustained by Shell arising out of any breach of the Territory's obligation under the agreement, or in connection with any failure of defect in the integrity of the bunker lines, as well as rectification of damage to the wharf. Comprehensive risk management procedures are in place to minimise risk exposure to the Territory.

Contingent considerations in relation to the long-term lease of the Port of Darwin are considered unlikely and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.

Gas

The Territory has entered into a number of agreements in relation to the Northern Gas Pipeline. Contingent considerations in relation to these agreements are considered unlikely and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.

Health and Community Services

The Territory has granted a series of health-related indemnities for various purposes including indemnities to specialist medical practitioners employed or undertaking work in public hospitals, indemnities provided to medical professionals requested to give expert advice on inquiries before the Medical Board and indemnities to midwives.

Although the risks associated with health indemnities are potentially high, the beneficiaries of the indemnities are highly trained and qualified professionals. The indemnities generally cannot be called upon where there is wilful or gross misconduct on the part of the beneficiary.

There are no reportable contingent liabilities in this category.

Government Administration

Where the Territory has invited the participation of private sector persons and government officers on boards of government owned or funded companies, the Territory may grant indemnities to the board members to cover them for any losses that may result from good faith actions.

These indemnities are generally consistent with cover available through Directors and Officers Insurance and the policy of issuing an indemnity rather than purchasing commercial insurance is in line with the Government's self-insurance arrangements.

In relation to corporations established in accordance with the *Government Owned Corporations Act*, an indemnity given by the Territory to board members is limited to actions arising from compliance with a direction issued by the shareholding minister or the portfolio minister pursuant to the *Government Owned Corporations Act*.

The resulting contingent liabilities are considered low risk as board members are professionals, selected based on their expertise and knowledge. Further, the indemnities are restricted to good faith actions only. These contingent liabilities are unquantifiable.

Notes to the Financial Statements

For the year ended 30 June 2017

38. Contingent Assets and Liabilities (continued)

Indemnities are also granted to the Commonwealth and other entities involved in funding or sponsoring activities and programs initiated or undertaken by the Territory. Under the indemnities, the Territory generally accepts liability for damage or losses occurring as a result of the activities or programs and acknowledges that, while the Commonwealth or another party has contributed financially or provided in-kind support, the Territory is ultimately liable for the consequences of the activity or program.

Although the resulting contingent liability may, depending on the activity undertaken, not always be low risk, the Territory's financial exposure is no greater than would have been the case without funding or sponsorship assistance. These contingent liabilities are unquantifiable.

Where the Territory is engaged in legal proceedings and disputes, due to the wide variety and nature of these cases and the uncertainty of any potential liability, no value can be attributed to these cases. In addition, the attribution of value to those cases also has the potential to prejudice the outcome of the proceedings and disputes.

The Government has indemnified private sector insurers that provide workers compensation insurance in the Territory. The indemnity covers insurers for losses that arise as a result of acts of terrorism.

Except for the terrorism indemnity, which is unquantifiable, there are no reportable contingent liabilities in this category.

Secure Facilities

The Territory has contingent liabilities in this category that relate to indemnities and guarantees provided in support of the Darwin Correctional Precinct that was constructed and is operated under a public private partnership agreement.

The Territory has indemnified the proponent for losses arising from uninsurable risks.

Finance

The Territory's financial management framework is underpinned by centralised banking arrangements. The sole provider of banking-related services has been granted indemnities under the whole of government banking contract. These indemnities are considered not to involve significant risk.

There are no reportable contingent liabilities in this category.

Property and Business Services

Agreements for leases or licences of property, plant or equipment generally contain standard indemnity provisions, similar to those commonly found in commercial leases, covering the lessor or licensor for any losses suffered as a result of the lease or licence arrangement. The contingent liabilities resulting from the indemnities are unquantifiable.

The granting of a concession to Darwin Cove Convention Centre Pty Ltd gives rise to contingent liabilities associated with:

- discriminatory changes in law
- environmental clean-up costs
- incentive payments to the operator if performance targets established for the centre are exceeded
- negotiated payments to the operator in the early years of the centre's operation.

Notes to the Financial Statements

For the year ended 30 June 2017

38. Contingent Assets and Liabilities (continued)

For the categories listed above, neither the probability nor the amount the Territory might be called upon to pay at some future date can be determined reliably. As a result, these items are regarded as contingent liabilities, where the existence of an actual liability in the future will be confirmed only by the occurrence of uncertain future events that lie outside the control of the Territory.

A contingent asset also arises as a consequence of the concession arrangement. The Territory Availability Payment (TAP) is recognised as a liability on the general government sector and whole of government balance sheets. However, the Territory has the right to recover up to 75 per cent of that liability if the operator should not achieve certain performance criteria. Because neither the probability of such a recovery nor the amount that might be recovered can be determined reliably, the part of the TAP that may be subject to abatement is classified as a contingent asset.

Accommodation

The Territory has contingent liabilities in this category that relate to indemnities provided in support of the Darwin Luxury Hotel Development. The risks associated with the indemnities are considered low and consequently no contingent liabilities have been disclosed at this time. The Territory will continue to assess any risks under the arrangement and determine whether any future disclosure is required.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management

a) Financial Risk Management Objectives and Policies

Exposure to financial risk arises in the normal course of government activity. The Territory's risk management strategy is incorporated in the Territory's fiscal strategy. The fiscal strategy provides a sound financial management framework to ensure sustainable service provision, continued capital investment, reducing debt levels and a competitive tax environment that supports economic growth. Further reference to the fiscal strategy can be found in the Overview chapter of this TAFR and the 2017-18 Budget Paper No. 2.

The Central Holding Authority (CHA), NTTC and the Motor Accidents Compensation Commission (MACC) are the entities that hold complex financial instruments. NTTC manages the investments and borrowings of CHA, and reports to the NTTC Advisory Board. MACC has its own risk management policies and is subject to prudential supervision.

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised on the Balance Sheet when the Territory becomes a party to the contractual provisions of the financial instrument. The Territory's financial instruments include: cash and deposits; receivables; advances; investments loan and placements; payables; advances received; borrowings; and derivatives.

Due to the nature of operating activities, certain financial assets and financial liabilities arise under statutory obligations rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments as per AASB 7 Financial Instruments: Disclosures and have been excluded from the following tables. These include statutory receivables arising from taxes including tax receivables, GST input tax credits recoverable, and fines and penalties.

Exposure to interest rate risk, foreign exchange risk, credit risk, price risk and liquidity risk arise in the normal course of activities. The Territory's investments, loans and placements, and borrowings are predominantly managed through the NTTC adopting strategies to minimise risk exposure. Derivative financial arrangements are also utilised to manage financial risks inherent in the management of these financial instruments. These arrangements include swaps, forward interest rate agreements and other hedging instruments to manage fluctuations in interest or exchange rates.

b) Categorisation of Financial Instruments

AASB 7 Financial Instruments: Disclosures require financial instruments to be classified and disclosed within specific categories depending on their nature and purpose.

The TAFS classifies its financial assets into the following categories:

- financial assets at FVTPL
- held-to-maturity investments
- loans and receivables
- available-for-sale financial assets
- financial assets other.

Financial liabilities are classified into the following categories:

- financial liabilities at FVTPL
- financial liabilities at amortised cost.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

Financial Assets or Financial Liabilities at Fair Value through Profit or Loss

Financial instruments are classified as at FVTPL when the instrument is either held for trading or is designated as at FVTPL.

An instrument is classified as held for trading if it is:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term with an intention of making a profit
- part of a portfolio of identified financial instruments managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial assets determined as held for trading include short-term securities, bonds and other instruments and units in unlisted unit trusts.

A financial instrument may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or
- the instrument forms part of a group of financial instruments, which is managed and its performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the grouping is provided internally on that basis, or
- it forms part of a contract containing one or more embedded derivatives.

AASB 139 Financial Instruments: Recognition and Measurement permits the contract to be designated as at FVTPL. Financial assets designated as at FVTPL includes the Conditions of Service Reserve and medium-term investments. Financial liabilities designated as at FVTPL include deposits held excluding statutory deposits, accounts payable and accrued expenses.

Held-to-Maturity Investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the entity has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those held for trading and available for sale. Loans and receivables exclude statutory receivables.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets, principally equity securities designated as available-for-sale or not classified as any of the three preceding categories. After initial recognition, available-for-sale securities are measured at fair value with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the Comprehensive Operating Statement.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

Financial Liabilities at Amortised Cost

Financial instrument liabilities measured at amortised cost include all advances received, finance lease liabilities and borrowings. Amortised cost is calculated using the effective interest method.

Derivatives

The Territory enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. The Territory does not speculate on trading of derivatives.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in the Comprehensive Operating Statement immediately unless the derivative is designated and qualifies as an effective hedging instrument, in which event, the timing of the recognition in the Comprehensive Operating Statement depends on the nature of the hedge relationship. Application of hedge accounting will only be available where specific designation and effectiveness criteria are satisfied.

Netting of Swap Transactions

The Territory, from time to time, may facilitate certain structured finance arrangements, where a legally recognised right to offset financial assets and liabilities exists, and the Territory intends to settle on a net basis. Where these arrangements occur, the revenues and expenses are offset and the net amount is recognised in the Comprehensive Operating Statement.

Other Financial Instruments Issued by the Territory

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual agreement. The Territory's compounding products are debt instruments.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

The following table discloses the total public sector's financial assets and financial liabilities by category.

Categorisation of Financial Instruments

	Fair value through profit or loss		Held to maturity investments	Financial assets – loans and receivables	Financial assets – available for sale	Financial assets – other	Financial liabilities – amortised cost	Total
	Held for trading	Designated at fair value						
2016-17	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash and deposits						283 981		283 981
Advances				171 358				171 358
Investments loans and placements	573 159	1 097 557	337 842	52 000				2 060 558
Interest rate swaps		14 296						14 296
Receivables ¹				333 757				333 757
Other financial assets				17 390				17 390
Total financial assets	573 159	1 111 853	337 842	574 505		283 981		2 881 340
Deposits held ¹		21 708						21 708
Advances							221 487	221 487
Loans							3 775 213	3 775 213
Finance lease liabilities							639 171	639 171
Interest rate swaps								
Payables		349 885						349 885
Total financial liabilities		371 593					4 635 871	5 007 464
2015-16 – Restated								
Cash and deposits						623 677		623 677
Advances				177 967				177 967
Investments loans and placements	504 100	1 129 726	516 769	52 909				2 203 504
Interest rate swaps		3 257						3 257
Receivables ¹				390 486				390 486
Other financial assets				16 251				16 251
Total financial assets	504 100	1 132 983	516 769	637 613		623 677		3 415 142
Deposits held ¹		33 168						33 168
Advances							229 590	229 590
Loans							3 793 272	3 793 272
Finance lease liabilities							639 710	639 710
Interest rate swaps								
Payables		350 110						350 110
Total financial liabilities		383 278					4 662 572	5 045 850

¹ Total amounts disclosed here exclude statutory amounts, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the amount as per the Balance Sheet.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk.

i) Interest Rate Risk

Interest rate risk is the risk of financial loss and or increased cost due to adverse movements in the values of financial assets and liabilities as a result of changes in interest rates. The interest rate exposure arises from unmatched maturity patterns. To manage this exposure and for hedging purposes certain Territory-controlled entities enter into interest rate swap agreements.

An interest rate swap is a transfer of interest rate obligations, where the agreement is to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Territory to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt held and the cash flow exposures on the issued variable rate debt held. The notional principal amounts represent the contract or face value of the swap. The notional amounts do not represent the amount exchanged by the parties to the contract.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

The following table sets out the total public sector's exposure to interest rate risk showing the carrying amount of the financial instruments and the weighted average effective interest rate when applicable. The banding is based upon the earlier of the contractual repricing or maturity dates.

	Variable interest rate			Fixed interest rate			Non interest bearing	Total	Weighted average
	Less than a year	1 to 5 year	More than 5 years	Less than a year	1 to 5 years	More than 5 years			
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	%
2016-17									
Assets									
Cash and deposits	283 592						389	283 981	1.50
Advances	3 650	53 874	106 893	390			6 551	171 358	4.25
Investment, loans and placements ¹	1 124 887	915	1 657	375 396	35 490	252 491	269 723	2 060 558	3.38
Interest rate swap	14 296							14 296	
Receivables							333 757	333 757	
Other financial assets						17 387	3	17 390	7.00
Total financial assets	1 426 425	54 789	108 550	375 786	35 490	269 878	610 423	2 881 340	
Liabilities									
Deposits held							21 708	21 708	
Advances				7 434		208 736	5 317	221 487	4.65
Loans				527 195	1 213 717	2 009 301	25 000	3 775 213	4.65
Finance lease liabilities				7 680	45 977	585 515		639 171	6.24
Payables							349 885	349 885	
Total financial liabilities				542 309	1 259 694	2 803 551	401 910	5 007 464	
2015-16 – Restated									
Cash and deposits	622 672						1 005	623 677	1.75
Advances	5 530	27 532	131 230	5 910	440	39	7 286	177 967	5.30
Investment, loans and placements ¹	1 125 647			821 194	63 737	140 926	52 000	2 203 504	3.63
Interest rate swap	3 257							3 257	
Receivables							390 486	390 486	
Other financial assets						16 249	2	16 251	7.00
Total financial assets	1 757 106	27 532	131 230	827 104	64 177	157 214	450 779	3 415 142	
Deposits held							33 168	33 168	
Advances				13 421		216 170		229 590	4.65
Loans				533 387	1 059 253	2 175 632	25 000	3 793 272	5.00
Finance lease liabilities				6 897	33 500	599 313		639 710	4.76
Payables							350 110	350 110	
Total financial liabilities				553 705	1 092 753	2 991 115	408 278	5 045 850	

¹ Includes unit trust investments.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

Sensitivity Analysis

Assuming the financial assets and liabilities at 30 June 2017 were to remain until maturity or settlement without any action by the Territory to alter the resulting interest rate risk exposure, a change in the variable rates of 100 basis points (1 per cent) at reporting date would have the following effect on the total public sector's profit or loss and equity.

	Profit or Loss and Equity	
	100 basis points increase	100 basis points decrease
	\$000	\$000
30 June 2017		
Financial assets – cash at bank	2 836	- 2 836
Financial assets – receivable loans	1 644	- 1 644
Net sensitivity	4 480	- 4 480
30 June 2016		
Financial assets – cash at bank	6 237	- 6 237
Financial assets – receivable loans	1 780	- 1 780
Net sensitivity	8 017	- 8 017

ii) Price Risk

The Territory is exposed to price risk as the Territory holds units in unit trusts. Price risk arises due to the changes in the market value of the units as advised by respective fund managers.

Price risk is managed through the use of strictly monitored allocation limits for units held in each class of managed funds. The Territory invests in a diverse range of managed funds thereby limiting the impact of any one underlying variable affecting unit prices.

Returns achieved by appointed fund managers are continuously monitored and compared to returns earned by a suitable peer group of other professional fund managers.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

Sensitivity Analysis

The analysis below demonstrates the impact of a movement in prices of units held in unlisted unit trusts. It is assumed any relevant price change occurs as at reporting date.

	Change in value	2016-17 Impact on profit or loss and equity	2015-16 Impact on profit or loss and equity
	%	\$000	\$000
Upside			
Equities	10	59 932	52 251
Property securities	10	15 281	14 377
Interest bearing	1	1 851	1 777
Downside			
Equities	- 10	- 59 932	- 52 251
Property securities	- 10	- 15 281	- 14 377
Interest bearing	- 1	- 1 851	- 1 777

iii) Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Foreign Exchange Risk

Foreign exchange risk is the risk of financial loss due to adverse movements in foreign exchange rates. The Territory's exposure to foreign exchange risk arises when certain borrowings are denominated in foreign currencies or where the Territory has transactional currency exposures arising from purchases in a foreign currency.

Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. Foreign currency transactions are initially translated into Australian currency at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated to Australian currency rates of exchange at 30 June. The Government may undertake hedging to avoid or minimise adverse financial effects of movements in exchange rates.

There were no foreign exchange contracts at balance date in 2016-17 and 2015-16.

d) Credit Risk

Credit risk refers to the risk a counterparty will default on its contractual obligations, resulting in financial loss to the Territory. The Territory has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Territory's maximum exposure to credit risk is the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, without taking account of the value of any collateral or other security obtained.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

i) Receivables and Advances

In relation to trade receivables, the Territory has a minimal concentration of credit risk as it undertakes transactions with a large number of customers and counterparties. The Territory is not materially exposed to any individual customer. There are no major concentrations of credit risk on service debtors due from customers within particular industries. Receivable balances are monitored on an ongoing basis to ensure exposure to bad debts is not significant.

In addition, the Territory has issued low interest or interest free loans for policy purposes, which are known as advances. Advances receivable include amounts provided for assistance to farmers and for certain transport infrastructure.

A reconciliation and ageing analysis of receivables and advances is presented in the following tables.

	Ageing of receivables and advances ^{1,2}	Ageing of impaired receivables and advances ³	Net receivables and advances
	\$000	\$000	\$000
2016-17			
Not overdue	237 742	356	237 386
Overdue for less than 30 days	19 761	432	19 329
Overdue for 30 to 60 days	5 664	714	4 950
Overdue for more than 60 days	71 753	70 105	1 649
Total	334 920	71 607	263 313
Reconciliation of the allowance for impairment losses			
Opening		43 723	
Written off during the year		- 5 243	
Recovered during the year		19 788	
Increase/(decrease) in allowance recognised in profit or loss		13 340	
Total		71 607	
2015-16 – Restated			
Not overdue	311 773		311 773
Overdue for less than 30 days	4 387	308	4 079
Overdue for 30 to 60 days	7 564	522	7 042
Overdue for more than 60 days	48 729	42 893	5 836
Total	372 452	43 723	328 730
Reconciliation of the allowance for impairment losses			
Opening		30 448	
Written off during the year		- 4 355	
Recovered during the year		5 684	
Increase/(decrease) in allowance recognised in profit or loss		11 945	
Total		43 723	

1 The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7. Therefore, the total will not reconcile to the amount in the receivables note.

2 Ageing analysis is presented at the total public sector.

3 The allowance for impairment losses represents the amount of receivables likely to be uncollectable and considered doubtful. The collectability of receivables is reviewed regularly and part of this process is to assess, at reporting date, whether an allowance for impairment loss is required.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

e) Liquidity Risk

Liquidity risk is the risk of financial loss and or increased costs due to unanticipated events or errors in cash flow forecasts that result in additional borrowing costs, reduced investment income or an inability to meet financial or operational commitments as they fall due. This is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is managed for day-to-day operations, the short to medium term and for the long term. NTTC predominantly assists the Territory with the management of liquidity risk on a day-to-day basis, using cash flow forecasts and communication with other controlled entities that advise NTTC of the occurrence of unusually large payments. This monitoring allows the Territory to identify potential liquidity issues and also assists in projecting potential investment opportunities.

The Territory's Budget is a five-year projection of the Territory's financial position, which incorporates short and medium-term fiscal objectives and financial targets. The fiscal strategy assists in protecting against a liquidity problem in the future.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

The following table details the maturity analysis of NTTC's financial liabilities. The analysis for borrowings is based on the earliest possible date on which NTTC can be required to pay. The amounts disclosed are based on undiscounted cash flows, and hence include both interest and principal cash flows. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected cash flows as illustrated by the yield curves existing at the balance date.

2016-17	At call	0 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Borrowings						
Wholesale market						
Fixed interest securities		68 741	596 110	1 673 952	2 250 386	4 589 189
Retail market						
Territory bonds		82	29 789	62 465		92 336
Migration linked bonds		261	13	788		1 062
Commonwealth						
Credit foncier loans			17 477	69 750	265 030	352 257
Total borrowings		69 084	643 389	1 806 955	2 515 416	5 034 844

2015-16

Borrowings						
Wholesale market						
Fixed interest securities		68 947	608 404	1 513 797	2 472 268	4 663 416
Retail market						
Territory bonds		106	35 889	63 297		99 292
Migration linked bonds		5	12	519		536
Commonwealth						
Credit foncier loans			17 484	69 866	282 391	369 741
Total borrowings		69 058	661 789	1 647 479	2 754 659	5 132 985

f) Net Fair Value

The fair value of financial instruments is determined on the following basis:

- the fair value of cash, most deposits, advances, receivables and payables approximates their carrying amount, which is also their amortised cost
- the fair value of derivative financial instruments are derived using current market yields and exchange rates appropriate to the instrument
- the fair value of other monetary financial assets and liabilities is based on discounting to present value the expected future cash flows by applying current market interest rates for assets and liabilities with similar risk profiles.

Notes to the Financial Statements

For the year ended 30 June 2017

39. Financial Instruments and Risk Management (continued)

Financial Instruments – Carrying Amount not Equal to Fair Value

The following table discloses the fair value of financial instruments whose fair value is not equal to their carrying amount. Fair values are categorised by level of inputs used.

	Total carrying amount	Net fair value level 1	Net fair value level 2	Net fair value level 3	Net fair value total
2016-17	\$000	\$000	\$000	\$000	\$000
Borrowings and advances:					
Wholesale	3 663 513		4 024 380		4 024 380
Retail	86 701		88 858		88 858
Commonwealth	216 170		247 274		247 274
Finance lease	77 732			86 848	86 848
Total financial liabilities	4 044 116		4 360 512	86 848	4 447 360

2015-16 – Restated

Borrowings and advances:					
Wholesale	3 676 429		4 197 945		4 197 945
Retail	91 843		95 525		95 525
Commonwealth	223 273		273 865		273 865
Finance lease	79 771			94 668	94 668
Total financial liabilities	4 071 316		4 567 335	94 668	4 662 003

The fair values of financial instruments disclosed above are related to NTTC and Darwin Waterfront Corporation. There were no transfers between levels in 2017.

Notes to the Financial Statements

For the year ended 30 June 2017

40. Related Parties

a) Related Parties

Related parties of the Territory include:

- all departments and entities consolidated into this report as per Note 43, excluding local governments and universities
- all KMP and their close family members
- any entities controlled or jointly controlled by KMP or their close family members.

b) Key Management Personnel

KMP are persons having the authority and responsibility for planning, directing and controlling the activities of the Territory, directly or indirectly, including those in a position to influence the strategic direction of the entity. KMP for the Territory include:

- Cabinet ministers
- portfolio ministers

i) Remuneration of key management personnel

Minister's remuneration and allowances are determined by the Northern Territory Remuneration Tribunal report and determination No. 2 of 2016.

The aggregate compensation of 15 current and former KMP of the Territory for 2016-17 is set out below:

	2016-17
	\$000
Short-term benefits	2 693
Post-employment benefits	194
Termination benefits	562
Total	3 449

ii) Related party transactions

Given the breadth and depth of Territory Government activities, related parties will transact with the Territory public sector in a manner consistent with other members of the public including paying stamp duty and other government fees and charges and therefore these transactions have not been disclosed.

Further, employment processes within the Territory public sector occur on terms and conditions consistent with the *Public Sector Employment and Management Act* and Codes of Conduct issued by the Office of the Commissioner for Public Employment. Procurement processes occur on terms and conditions consistent with the Territory government procurement policy and processes.

All transactions that have occurred with KMP and their related parties have been minor or domestic in nature. In this context, transactions are only disclosed when they are considered material in influencing the financial statements.

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Notes to the Financial Statements

For the year ended 30 June 2017

Related party transactions of former ministers have not been assessed as the period served during the 2016-17 financial year is considered minor.

41. Events Subsequent to Reporting Date

Since the reporting date, there have been no subsequent events to be reported.

42. Remuneration of Auditors

With the exception of a small number of consolidation entities, audit services within the reporting sectors are provided by the Auditor-General and funded through appropriation and cost recovery arrangements. The total cost of these services totalled \$4.8 million in 2016-17 compared to \$5.3 million in 2015-16.

Notes to the Financial Statements

For the year ended 30 June 2017

43. Details of Controlled Entities at Reporting Date

Total Public Sector

Non Financial Public Sector

General Government

Aboriginal Areas Protection Authority
Auditor-General's Office
AustralAsia Railway Corporation¹
Batchelor Institute of Indigenous Tertiary Education¹
Central Australia Health Service²
Central Holding Authority
Darwin Waterfront Corporation¹
Data Centre Services²
Department of the Attorney-General and Justice
Department of the Chief Minister
Department of Corporate and Information Services
Department of Education
Department of Environment and Natural Resources
Department of Health
Department of Housing and Community Development
Department of Infrastructure, Planning and Logistics
Department of the Legislative Assembly
Department of Primary Industry and Resources
Department of Tourism and Culture
Department of Trade, Business and Innovation
Department of Treasury and Finance
Desert Knowledge Australia¹
Motor Accidents (Compensation) Commission¹
Museums and Art Galleries Board of the Northern Territory¹
Nominal Insurer's Fund¹
Northern Territory Electoral Commission
Northern Territory Legal Aid Commission¹
Northern Territory Major Events Company Pty Ltd¹
Northern Territory Police, Fire and Emergency Services
NT Build Statutory Corporation¹
NT Fleet²
NT Home Ownership²
Office of the Commissioner for Public Employment
Ombudsman's Office
Territory Families
Territory Wildlife Parks²
Top End Health Service²

Public Non Financial Corporations

Indigenous Essential Services Pty Ltd¹
Jacana Energy^{1,3}
Land Development Corporation²
Power and Water Corporation^{1,3}
Territory Generation^{1,3}

Public Financial Corporations

Northern Territory Treasury Corporation²

¹ Non-budget sector entity.

² Government business division.

³ Government owned corporation.

Notes to the Financial Statements

For the year ended 30 June 2017

44. Restated Comparative Financial Statements due to Corrections of Prior-Period Errors

The following tables report the 2015-16 financial statements restated for each line item affected by error compared to those published in the audited 2015-16 TAFS.

Corrections and Restatements

Power and Water Corporation

During 2016-17, PWC undertook a Fixed Asset Rectification project to restructure the fixed asset registers for PWC and its subsidiary IES to enable valuations to occur on an asset-by-asset basis as opposed to aggregated by class. This project was undertaken following a number of unresolved issues raised by the Auditor-General regarding asset values in both PWC and IES, which resulted in a Disclaimer of Opinion at the public non financial corporation sector being issued in the 2014-15 TAFS.

In conjunction with this project, PWC and IES also reviewed the useful lives of infrastructure assets located on Aboriginal land resulting in a downward revision to the useful lives of a number of assets and consequently the recognition of additional depreciation expense. The effect of these two items resulted in a reduction to 2015-16 property, plant and equipment values by \$90.9 million, increased depreciation expense of \$9.6 million, impairment of assets of \$21.4 million and net loss on the disposal of assets of \$29.6 million. In addition, there were other restatements and reclassifications affecting account balances in the comprehensive operating statement and balance sheet relating to the revised treatment of unearned income, cost recovery of projects on behalf of third parties and the treatment of capital and government grants.

As noted in the 2015-16 TAFS, PWC did not finalise the original 2014-15 audited financial statements until late in the 2015-16 financial year, resulting in different property, plant and equipment values recorded in the statements compared to the 2014-15 TAFS. At the time of the 2015-16 TAFS, the specific period of the error was unknown and consequently the changes to property, plant and equipment values were treated as a change in accounting policy and adjusted prospectively in the 2015-16 TAFS.

As a result of the finalisation of the asset rectification project, PWC has now been able to identify the period of the error and, in accordance with accounting standards, restated retrospectively for 2014-15 and 2015-16.

Given these corrections affect prior years to that published in the 2016-17 TAFS, accounting standards require restatement to the opening balances of the earliest period presented. Consequently, the 2015-16 opening balances have been restated for the effects of the 2014-15 misstatements resulting in a reduction to property, plant and equipment values of \$1.3 billion and asset revaluation reserves of \$1.3 billion.

AustralAsia Railway Corporation

During 2016-17, following updated accounting advice, it was determined that the loan receivable originally provided to the concession holder in relation to the AARC was undervalued by \$24.6 million. The 2015-16 comparatives have been restated retrospectively to reflect the uplift in the fair value of the loan with a corresponding increase in net worth.

Notes to the Financial Statements

For the year ended 30 June 2017

44. Restated Comparative Financial Statements due to Corrections of Prior-Period Errors (continued)

Top End Health Service

In 2012, Top End Health Service (TEHS) and Menzies School of Health Research (Menzies) entered into an agreement granting Menzies the right to construct a building at their cost on TEHS land. On completion, the building was gifted to TEHS in exchange for Menzies acquiring the right to use the building at \$1.00 peppercorn rental per annum over a lease term of 20 years. TEHS subsequently recorded the fair value of the building and equivalent income in 2014-15 and 2015-16. It has since been identified that this revenue was rent received in advance and should have been recognised over the life of the lease term as opposed to entirely in 2014-15 and 2015-16. This error has been corrected and restated retrospectively resulting in a net reduction to accumulated funds and an increase to unearned income of \$26.3 million.

Changes in Accounting Estimates

Changes in accounting estimates are recognised in the period the estimate is revised. Such changes are not adjusted retrospectively in the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2017

44. (a) Comprehensive Operating Statement Extract – 30 June 2016 Comparative Year

Financial statement line item/balance affected	General government			Total public sector		
	Previously reported for 2015-16	Restatements	2015-16 Comparative reported in 2016-17	Previously reported for 2015-16	Restatements	2015-16 Comparative reported in 2016-17
	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE						
Sales of goods and services	435 521		435 521	1 014 328	- 7 586	1 006 742
Other revenue	282 388	- 6 971	275 418	302 155	- 877	301 277
TOTAL REVENUE	6 208 077	- 6 971	6 201 106	6 709 889	- 8 463	6 701 426
EXPENSES						
Depreciation and amortisation	322 587		322 587	527 023	9 564	536 587
Other operating expenses	1 440 410		1 440 410	1 811 214	29 618	1 840 832
TOTAL EXPENSES	5 917 290		5 917 290	6 389 590	39 182	6 428 772
NET OPERATING BALANCE	293 081	- 6 971	286 110	322 290	- 47 645	274 645
Other economic flows – included in operating result from continuing operations	- 144 509		- 144 509	- 186 743	- 21 386	- 208 129
OPERATING RESULT	248 794	- 6 971	241 823	203 862	- 69 030	134 831
Other economic flows – other comprehensive income from continuing operations	- 1 672 666	1 256 802	- 415 864	-1 659 639	1 318 861	- 340 778
COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	- 1 335 835	1 249 831	- 86 004	-1 335 835	1 249 831	- 86 004
NET OPERATING BALANCE	293 081	- 6 971	286 110	322 290	- 47 645	274 645
Net acquisition of non financial assets						
<i>less</i> Depreciation	322 587		322 587	527 023	9 564	536 587
<i>plus</i> Change in inventories	1 923		1 923	1 544	- 2	1 542
<i>plus</i> Other movements in non financial assets	- 47 642	- 8 384	- 56 026	- 18 711	- 2 291	- 21 002
<i>equals</i> Total net acquisition of non financial assets	324 825	- 8 384	316 441	400 353	- 11 856	388 496
FISCAL BALANCE	- 31 744	1 413	- 30 330	- 78 063	- 35 788	- 113 851

Notes to the Financial Statements

For the year ended 30 June 2017

44. (b) Balance Sheet Extract – 30 June 2016 Comparative Year

Financial statement line item/balance affected	General government			Total public sector		
	Previously reported for 2015-16	2015-16 Restatements	2015-16 Comparative reported in 2016-17	Previously reported for 2015-16	2015-16 Restatements	2015-16 Comparative reported in 2016-17
	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS						
Financial assets						
Investments, loans and placements	2 182 185	24 577	2 206 762	2 182 185	24 577	2 206 762
Receivables	380 703		380 703	469 382	- 2 016	467 367
Investments in other public sector entities	2 129 019	- 101 301	2 027 718			
Total financial assets	5 509 777	- 76 724	5 433 053	3 469 463	22 561	3 492 024
Non financial assets						
Property, plant and equipment	13 680 291		13 680 291	16 748 539	- 90 949	16 657 590
Intangible assets	1		1	31 547	12	31 559
Total non financial assets	13 953 174		13 953 174	17 237 906	- 90 937	17 146 969
TOTAL ASSETS	19 462 951	- 76 724	19 386 227	20 707 369	- 68 376	20 638 993
LIABILITIES						
Borrowing	3 097 390		3 097 390	4 433 182	- 200	4 432 981
Other employee benefits	591 873		591 873	643 894	4 673	648 567
Payables	206 484		206 484	349 132	978	350 110
Other liabilities	873 087	26 383	899 470	928 462	29 281	957 743
TOTAL LIABILITIES	9 687 497	26 383	9 713 880	10 931 915	34 732	10 966 647
NET ASSETS/(LIABILITIES)	9 775 454	- 103 107	9 672 346	9 775 454	- 103 107	9 672 346
Contributed equity						
Accumulated surplus/(deficit)	1 922 074	- 1 806	1 920 268	2 790 315	- 150 212	2 640 103
Reserves	7 853 379	- 101 301	7 752 078	6 985 139	47 105	7 032 244
NET WORTH	9 775 454	- 103 107	9 672 346	9 775 454	- 103 107	9 672 346
NET FINANCIAL WORTH	- 4 177 720	- 103 107	- 4 280 828	- 7 462 452	- 12 171	- 7 474 623
NET DEBT	768 398	- 24 577	743 821	1 762 749	- 24 777	1 737 971

Notes to the Financial Statements

For the year ended 30 June 2017

The following table reports the 2015-16 opening balances restated for each line item affected by errors relating to financial periods prior to 2015-16.

44. (c) Balance Sheet Extract – 1 July 2015 Comparative Year Opening Balances

Financial statement line item/balance affected	General government			Total public sector		
	Previously reported	Opening balance adjustments	Restated 2015-16 opening balances	Previously reported	Opening balance adjustments	Restated 2015-16 opening balances
	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS						
Financial assets						
Investments, loans and placements	2 368 041	24 577	2 392 618	2 368 041	24 577	2 392 618
Receivables	309 390		309 390	379 355	- 11 279	368 076
Investments in other public sector entities	3 710 215	- 1 358 103	2 352 112			
Total financial assets	7 172 953	- 1 333 526	5 839 427	3 532 736	13 298	3 546 034
Non financial assets						
Inventories	11 547		11 547	196 796	2	196 798
Property, plant and equipment	13 323 175	8 384	13 331 559	17 669 162	- 1 306 723	16 362 439
Intangible assets	1		1	62 849	- 9 336	53 513
Total non financial assets	13 612 357	8 384	13 620 741	18 455 786	- 1 316 057	17 139 729
TOTAL ASSETS	20 785 310	- 1 325 142	19 460 168	21 988 522	- 1 302 759	20 685 763
LIABILITIES						
Borrowing	3 711 243		3 711 243	4 977 954	- 200	4 977 753
Payables	184 689		184 689	270 880	26 038	296 918
Other liabilities	746 682	27 797	774 479	812 428	24 341	836 770
TOTAL LIABILITIES	9 674 021	27 797	9 701 817	10 877 233	50 179	10 927 412
NET ASSETS/(LIABILITIES)	11 111 289	- 1 352 938	9 758 351	11 111 289	- 1 352 938	9 758 351
Accumulated surplus/(deficit)	1 957 936	5 165	1 963 100	2 818 864	- 40 109	2 778 755
Reserves	9 153 353	- 1 358 103	7 795 250	8 292 425	- 1 312 829	6 979 596
NET WORTH	11 111 289	- 1 352 938	9 758 351	11 111 289	- 1 352 938	9 758 351
NET FINANCIAL WORTH	- 2 501 068	- 1 361 322	- 3 862 390	- 7 344 497	- 36 881	- 7 381 378
NET DEBT	1 133 308	- 24 577	1 108 731	2 133 848	- 24 777	2 109 071

Notes to the Financial Statements

For the year ended 30 June 2017

45. (a) General Government Sector Budgetary Information

General Government Sector Comprehensive Operating Statement		2016-17 Actual (audited)	2016-17 Original Budget (unaudited)	Variance	Note
		\$000	\$000	\$000	
REVENUE FROM CONTINUING OPERATIONS					
	Taxation revenue	609 807	586 893	22 914	1
	Current grants	4 195 824	4 238 247	- 42 423	2
	Capital grants	301 303	370 982	- 69 679	2
	Sales of goods and services	366 335	380 001	- 13 666	3
	Interest income	97 154	88 037	9 117	4
	Dividend and income tax equivalent income	76 458	53 426	23 032	5
	Other revenue	247 571	173 619	73 952	6
	TOTAL REVENUE FROM CONTINUING OPERATIONS	5 894 451	5 891 205	3 246	
less	EXPENSES FROM CONTINUING OPERATIONS				
	Employee benefits expense	2 267 162	2 166 756	100 406	7
	Superannuation expenses				
	Superannuation interest cost	82 617	133 639	- 51 022	8
	Other superannuation expenses	231 166	203 062	28 104	8
	Depreciation and amortisation	335 476	331 062	4 414	
	Other operating expenses	1 416 655	1 462 984	- 46 329	9
	Interest expenses	211 969	211 608	361	
	Other property expenses	2 077		2 077	
	Current grants	1 025 742	922 874	102 868	10
	Capital grants	125 741	128 435	- 2 694	
	Subsidies and personal benefit payments	272 838	260 526	12 312	11
	TOTAL EXPENSES FROM CONTINUING OPERATIONS	5 971 443	5 820 946	150 497	
TRANSACTIONS FROM DISCONTINUING OPERATIONS					
equals	NET OPERATING BALANCE	- 76 992	70 259	- 147 251	
plus	Other economic flows – included in operating result	65 808	31 626	34 182	12
	Other economic flows – included in operating result – discontinued operations				
equals	OPERATING RESULT	- 11 184	101 885	- 113 069	
plus	Other economic flows – other comprehensive income	1 403 457	186 662	1 216 795	13
	Other economic flows – other comprehensive income – discontinued operations				
equals	COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	1 392 273	288 547	1 103 726	
	NET OPERATING BALANCE	- 76 992	70 259	- 147 251	
less	Net acquisition of non financial assets				
	Purchases of non financial assets	773 652	1 125 536	- 351 884	14
	Sales of non financial assets	- 49 304	- 84 874	35 570	15
less	Depreciation	335 476	331 062	4 414	
plus	Change in inventories	161		161	
plus	Other movements in non financial assets	343		343	
equals	Total net acquisition of non financial assets	389 375	709 600	- 320 225	
equals	FISCAL BALANCE	- 466 367	- 639 341	172 974	

Notes to the Financial Statements

For the year ended 30 June 2017

45 (a) (continued)

The following note descriptions relate to variances greater than 10 per cent or \$5 million, or where multiple significant variances have occurred.

1. The \$22.9 million increase in taxation revenue from the May 2016 Budget reflects:
 - increased payroll tax of \$28.3 million due to growth in both employment and wages, particularly among the large employers forming part of the Territory's payroll tax base
 - increased taxes on insurance of \$1.4 million and stamp duty of \$0.8 million, offset by
 - a decrease in taxes on gambling and motor vehicle registration fees of \$7.6 million.
2. Net decrease in current and capital grants of \$112.1 million since the May 2016 Budget due to:
 - a reduction in GST revenue of \$105.5 million due to lower than anticipated national GST revenue collections and lower share of national population
 - a decrease in national partnership revenue of \$101.5 million predominantly due to the revised timing of capital funding for roads of \$64.2 million and Remote Indigenous Housing of \$18 million, offset by
 - an increase in other Commonwealth funding of \$78.4 million primarily related to additional funding for health and hospital services and local government councils
 - an increase in specific purpose payments of \$16.5 million relating to increased Students First funding.
3. Sales of goods and services decreased by \$13.7 million predominantly due to lower than anticipated patient-related income within the TEHS and premium revenue within MACC.
4. Interest income increased from the May 2016 Budget largely due to greater than anticipated returns on investments within MACC.
5. Dividend and income tax equivalents are \$23 million greater than originally budgeted due to improved profitability within NTTC and PWC following the flow-on effect of restatements in 2014-15 and 2015-16, partially offset by reduced profitability within Territory Generation.
6. Other revenue has increased by \$74 million from the May 2016 Budget, largely as a result of:
 - higher than anticipated mining royalty collections of \$33.7 million
 - increased rental receipts received by MACC of \$4.7 million, and
 - \$35.5 million in other miscellaneous income across agencies.
7. Employee expenses have increased largely due to additional employee expenses in the health, corrections and community safety sectors driven by overtime and increased employee numbers.
8. Superannuation expenses have decreased by a net \$23 million, which is largely reflective of the outcome of the annual actuarial review.
9. Other operating expenses have decreased by \$46.3 million since the May 2016 Budget, largely as a result of:
 - the revised timing of expenditure across agencies including for ICT systems and the Rum Jungle Mine site rehabilitation, and
 - the transfer to other expenditure categories across government agencies.
10. Current grants have increased by \$102.9 million predominantly due to tied Commonwealth funding for schools, and health and hospital services combined with the transfer from other categories of expenditure.
11. Subsidies and personal benefits have increased by \$12.3 million predominantly as a result of increased out of home care payments, partially offset by a reclassification of primary health care grants to current grant expenses.
12. The movement largely relates to actuarial adjustments to long-term liabilities within MACC of \$82.7 million, partially offset by decrements in workers compensation liabilities within CHA of \$7.7 million, combined with the revaluation of non financial assets of \$32 million and the write-off of debts of \$14.8 million across agencies.
13. Predominantly relates to the upwards revaluation of remote housing assets, the movement between years in the 10-year bond rate used in valuing the Territory's superannuation liability, and an improvement in the public non financial sectors' net assets.
14. Purchases of non financial assets are \$351.9 million lower than originally budgeted as a result of the revised timing of capital works projects across government, particularly for roads and remote housing projects.
15. Sales of non financial assets are \$35.6 million lower than originally budgeted, largely due to lower than expected asset sales across various agencies.

Notes to the Financial Statements

For the year ended 30 June 2017

45. (b) General Government Sector Budgetary Information

General Government Sector Balance Sheet	2016-17 Actual (audited)	2016-17 Original Budget (unaudited)	Variance	Note
	\$000	\$000	\$000	
ASSETS				
Financial assets				
Cash and deposits	283 962	333 979	- 50 017	1
Advances paid	171 358	140 846	30 512	2
Investments, loans and placements	2 074 854	1 817 155	257 699	3
Receivables	368 886	318 244	50 642	4
Equity				
Investments in other public sector entities	2 236 380	2 511 387	- 275 007	5
Investments – other				
Other financial assets	17 387		17 387	6
Total financial assets	5 152 827	5 121 611	31 216	
Non financial assets				
Inventories	13 631	11 546	2 085	
Property, plant and equipment	14 695 222	14 302 143	393 079	7
Investment property	103 495	98 983	4 512	
Intangible assets	1	1		
Assets held for sale	16 832	35 306	- 18 474	8
Other non financial assets	122 371	122 243	128	
Total non financial assets	14 951 551	14 570 222	381 329	
TOTAL ASSETS	20 104 378	19 691 833	412 545	
LIABILITIES				
Deposits held	416 857	416 063	794	
Advances received	281 881	277 784	4 097	
Borrowing	2 992 613	3 057 205	- 64 592	9
Superannuation	3 676 153	3 519 113	157 040	10
Other employee benefits	623 960	633 389	- 9 429	11
Payables	208 370	183 720	24 650	12
Other liabilities	839 925	748 036	91 889	13
TOTAL LIABILITIES	9 039 759	8 835 310	204 449	
NET ASSETS/(LIABILITIES)	11 064 620	10 856 523	208 097	
Contributed equity				
Accumulated surplus/(deficit)	2 487 939	2 803 989	- 316 050	
Reserves	8 576 681	8 052 534	524 147	14
NET WORTH	11 064 620	10 856 523	208 097	
NET FINANCIAL WORTH ¹	- 3 886 932	- 3 713 699	- 173 233	
NET FINANCIAL LIABILITIES ²	6 123 312	6 225 086	- 101 774	
NET DEBT³	1 161 177	1 459 072	- 297 895	

¹ Net financial worth equals total financial assets minus total liabilities.

² Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

³ Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Notes to the Financial Statements

For the year ended 30 June 2017

45 (b) (continued)

The following note descriptions relate to variances greater than 10 per cent or \$5 million, or where multiple significant variances have occurred.

1. The decrease in cash and deposits largely reflects the fiscal balance deficit.
2. Advances paid have increased by \$30.5 million predominantly due to the refinancing of a \$20 million loan in 2016-17 that was budgeted to be repaid, combined with higher than anticipated uptake of home ownership products.
3. Investment, loans and placements have increased by \$257.7 million, predominantly due to higher investments held within the CHA (\$156.1 million), combined with higher than budgeted growth in investment and securities within MACC (\$71.5 million).
4. Receivables have increased by \$50.6 million, largely as a result of increased receivables in the MACC.
5. Investments in other public sector entities has decreased predominantly as a result of restated asset values in PWC and IES.
6. The balance represents the finance lease receivable related to the 99-year lease of the Port of Darwin and the residual interest the Territory has in the port assets.
7. Property, plant and equipment is \$393 million greater than originally budgeted as a result of an upwards revaluation of assets across government agencies, in particular remote housing stock previously held at nil value.
8. Assets held for sale are \$18.5 million lower than originally budgeted due to the revised timing of land sales within the Department of Infrastructure, Planning and Logistics.
9. Borrowings have decreased by \$64.6 million, predominantly due to lower borrowing requirements and repayment of maturing loans in 2016-17.
10. The \$157 million increase in superannuation liabilities is predominantly due to the movement in bond rate (original Budget: 4.0 per cent, 2017: 2.7 per cent) offset by a pension rate decrease of 0.5 per cent used in valuing the Territory's superannuation liabilities as required by accounting standards.
11. Other employee benefits have decreased by \$9.4 million, primarily reflecting lower salary expense accruals across agencies, partially offset by increased leave entitlements as a result of employment and wages growth, timing of entitlement payments and changes in bond rates.
12. Payables have increased by \$24.7 million due to a higher number of accruals across agencies, predominantly cross-border patient charges in the health services.
13. Other liabilities have increased by \$91.9 million, predominantly as a result of increased outstanding claims liabilities within the MACC.
14. The increase in reserves includes an increase to the asset revaluation reserve mainly relating to the upwards revaluation of remote housing stock previously held at nil value, offset by the movement in net assets of public sector entities.

Notes to the Financial Statements

For the year ended 30 June 2017

45. (c) General Government Sector Budgetary Information

General Government Sector Cash Flow Statement	2016-17 Actual (audited)	2016-17 Original Budget (unaudited)	Variance	Note
	\$000	\$000	\$000	
Cash receipts from operating activities				
Taxes received	601 374	586 893	14 481	1
Receipts from sales of goods and services	378 924	311 389	67 535	2
Grants and subsidies received	4 497 127	4 609 229	- 112 102	3
Interest receipts	98 825	88 037	10 788	4
Dividends and income tax equivalents	86 106	73 888	12 218	5
Other receipts	496 194	398 024	98 170	2
Total operating receipts	6 158 549	6 067 460	91 089	
Cash payments for operating activities				
Payments for employees	- 2 562 431	- 2 471 775	- 90 656	6
Payment for goods and services	- 1 668 348	- 1 648 705	- 19 643	7
Grants and subsidies paid	- 1 413 020	- 1 311 669	- 101 351	8
Interest paid	- 211 979	- 211 760	- 219	
Other payments	- 9 357		- 9 357	7
Total operating payments	- 5 865 135	- 5 643 909	- 221 226	
NET CASH FLOWS FROM OPERATING ACTIVITIES	293 414	423 551	- 130 137	
Cash flows from investments in non financial assets				
Sales of non financial assets	49 304	84 874	- 35 570	9
Purchases of non financial assets	- 774 627	- 1 125 536	350 909	10
Net cash flows from investments in non financial assets	- 725 323	- 1 040 662	315 339	
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 431 908	- 617 111	185 203	
Net cash flows from investments in financial assets for policy purposes ¹	- 14 173	1 809	- 15 982	11
Net cash flows from investments in financial assets for liquidity purposes	168 917	317 017	- 148 100	12
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 570 579	- 721 836	151 257	
Net cash flows from financing activities				
Advances received (net)	- 11 583	- 10 583	- 1 000	
Borrowing (net)	- 106 452	- 8 448	- 98 004	13
Deposits received (net)	55 508	- 41 416	96 924	14
Other financing (net)				
NET CASH FLOWS FROM FINANCING ACTIVITIES	- 62 527	- 60 447	- 2 080	
NET INCREASE/DECREASE IN CASH HELD	- 339 692	- 358 732	19 040	
Net cash flows from operating activities	293 414	423 551	- 130 137	
Net cash flows from investments in non financial assets	- 725 323	- 1 040 662	315 339	
CASH SURPLUS (+)/DEFICIT (-)	- 431 908	- 617 111	185 203	
Future infrastructure and superannuation contributions/earnings ²	- 31 773	- 24 441	- 7 332	
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 463 682	- 641 552	177 870	
Additional information to the Cash Flow Statement				
CASH SURPLUS (+)/DEFICIT (-)	- 431 908	- 617 111	185 203	
Acquisitions under finance leases and similar arrangements	- 1 692		- 1 692	
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 433 601	- 617 111	183 510	

¹ Includes equity acquisitions, disposals and privatisations (net).

² Contributions for future infrastructure and superannuation requirements.

Notes to the Financial Statements

For the year ended 30 June 2017

45 (c) (continued)

The following note descriptions relate to variances greater than 10 per cent or \$5 million, or where multiple significant variances have occurred.

1. The \$14.5 million increase in tax receipts from the May 2016 Budget reflects:
 - increased payroll tax of \$28.4 million largely due to growth in both employment and wages, particularly among the large employers forming part of the Territory's payroll tax base, offset by
 - a decrease in other taxes by \$5.5 million, largely related to lower taxes on motor vehicle registration fees and lottery taxes
 - an increase in unearned taxation receipts of \$5.8 million combined with a reduction in taxes receivables of \$2.6 million.
2. Receipts from sales of goods and services and other receipts has increased by a net \$165.7 million due to:
 - timing of ATO and GST receipts of \$128.1 million relating to the gross-up of GST on transactions with a corresponding adjustment in payments for goods and services
 - higher than anticipated mining royalty collections of \$33.7 million
 - increased miscellaneous income across various agencies \$20 million
 - increased rental receipts within MACC of \$4.7 million, offset by
 - lower than budgeted patient income related to bulk billing, pharmacy reform and workers compensation recoveries within TEHS of \$10.8 million and lower than anticipated income from insurance premiums and other recoveries in MACC of \$10 million.
3. Grants and subsidies received have decreased by \$112.1 million due to:
 - a reduction in GST revenue of \$105.5 million due to lower than anticipated national GST revenue collections and lower share of national population
 - a decrease in national partnership revenue of \$101.5 million predominantly due to revised timing of capital funding for roads of \$64.2 million and Remote Indigenous Housing of \$18 million, offset by
 - an increase in other Commonwealth funding of \$78.4 million primarily related to additional funding for health and hospital services and local government councils
 - an increase in specific purpose payments of \$16.5 million relating to increased Students First funding.
4. Interest receipts have increased since the May 2016 Budget largely due to greater than anticipated returns on investments within MACC.
5. Dividends and income tax equivalents are \$12.2 million greater than original Budget predominantly due to improved profitability of the government owned corporations combined with the timing of receipts.
6. Payments for employee expenses have increased largely due to additional employee expenses in the health, corrections and community safety sectors driven by overtime and increased employee numbers.
7. The net increase in payments for goods and services and other payments of \$29 million largely relates to:
 - the gross-up of ATO and GST on transactions of \$140 million
 - Increases in the provisions for outstanding claims \$33 million, offset by
 - the revised timing of delivery of expenditure across agencies \$41 million
 - revaluation adjustment increases to long-term liabilities within MACC of \$89.4 million.
8. Grants and subsidies paid are higher than originally budgeted by \$101.4 million, largely as a result of tied Commonwealth funding for schools and health and hospital services combined with increased delivery for out of home care services and transfers from other categories of expenditure.
9. Sales of non financial assets are lower than originally budgeted by \$35.6 million largely as a result of lower than expected asset sales across various agencies.
10. Purchases of non financial assets are lower by than originally budgeted by \$350.9 million, largely as a result of the revised timing of capital works projects, primarily related to Remote Indigenous Housing and various road projects.
11. The \$16 million movement largely represents the refinancing of a \$20 million advance that was originally budgeted to be repaid in NT Home Ownership.
12. The \$148.1 million movement represents the net growth in investments by government trading entities, albeit lower than originally budgeted.
13. The \$98 million net movement in borrowings largely reflects the repayment of maturing loans and lower borrowing requirements in 2016-17.
14. The \$96.9 million net movement in deposits received largely reflects higher cash balances held and invested by CHA on behalf of trading entities when compared to original Budget.

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table – Comprehensive Operating Statement

2016-17	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE FROM CONTINUING OPERATIONS							
Taxation revenue	609 807		- 11 005	598 802			598 802
Current grants	4 195 824	191 766	- 191 766	4 195 824			4 195 824
Capital grants	301 303	48 758	- 32 328	317 733			317 733
Sales of goods and services	366 335	635 129	- 72 528	928 937	820	- 1 448	928 309
Interest income	97 154	3 314	- 3 309	97 158	213 749	- 213 729	97 178
Dividend and income tax equivalent income	76 458		- 55 092	21 366		- 21 366	
Other revenue	247 571	35 719	- 4 218	279 072	2	- 55	279 019
TOTAL REVENUE FROM CONTINUING OPERATIONS	5 894 451	914 686	- 370 246	6 438 891	214 571	- 236 598	6 416 864
<i>less</i>	EXPENSES FROM CONTINUING OPERATIONS						
Employee benefits expense	2 267 162	115 644		2 382 806	792		2 383 598
Superannuation expenses							
Superannuation interest cost	82 617			82 617			82 617
Other superannuation expenses	231 166	17 605	- 3 539	245 232	93	- 53	245 273
Depreciation and amortisation	335 476	194 414		529 890			529 890
Other operating expenses	1 416 655	489 570	- 84 144	1 822 082	1 338	- 1 450	1 821 969
Interest expenses	211 969	64 731	- 3 309	273 391	190 982	- 213 729	250 644
Other property expenses	2 077	42 571	- 41 594	3 055	6 410	- 6 410	3 055
Current grants	1 025 742		- 61 897	963 845			963 845
Capital grants	125 741		- 32 328	93 413			93 413
Subsidies and personal benefit payments	272 838	1 210	- 129 869	144 179			144 179
TOTAL EXPENSES FROM CONTINUING OPERATIONS	5 971 443	925 746	- 356 679	6 540 510	199 615	- 221 642	6 518 483
TRANSACTIONS FROM DISCONTINUING OPERATIONS							
<i>equals</i>	NET OPERATING BALANCE	- 76 992	- 11 060	- 13 567	- 101 619	14 956	- 14 956 - 101 619
<i>plus</i>	Other economic flows – included in operating result	65 808	- 31 637		34 171		34 171
	Other economic flows – included in operating result – discontinued operations						
<i>equals</i>	OPERATING RESULT	- 11 184	- 42 697	- 13 567	- 67 448	14 956	- 14 956 - 67 448
<i>plus</i>	Other economic flows – other comprehensive income	1 403 457	249 926	- 193 662	1 459 721		1 459 721
	Other economic flows – other comprehensive income – discontinued operations						
<i>equals</i>	COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	1 392 273	207 229	- 207 229	1 392 273	14 956	- 14 956 1 392 273
	NET OPERATING BALANCE	- 76 992	- 11 060	- 13 567	- 101 619	14 956	- 14 956 - 101 619

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table – Comprehensive Operating Statement (continued)

		GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
		\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>less</i>	Net acquisition of non financial assets							
	Purchases of non financial assets	773 652	237 359		1 011 010			1 011 010
	Sales of non financial assets	- 49 304	- 707		- 50 011			- 50 011
<i>less</i>	Depreciation	335 476	194 414		529 890			529 890
<i>plus</i>	Change in inventories	161	- 545		- 384			- 384
<i>plus</i>	Other movements in non financial assets	343	15 672		16 015			16 015
<i>equals</i>	Total net acquisition of non financial assets	389 375	57 364		446 740			446 740
<i>equals</i>	FISCAL BALANCE	- 466 367	- 68 425	- 13 567	- 548 359	14 956	- 14 956	- 548 359

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table (continued) – Balance Sheet

2016-17	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS							
Financial assets							
Cash and deposits	283 962	268 728	- 268 709	283 981	68 625	- 68 625	283 981
Advances paid	171 358			171 358	74 350	- 74 350	171 358
Investments, loans and placements	2 074 854			2 074 854	3 907 168	- 3 907 168	2 074 854
Receivables	368 886	106 991	- 42 815	433 062	5 890	- 27 260	411 693
Equity							
Investments in other public sector entities	2 236 380		- 2 214 750	21 631		- 21 631	
Investments – other		3		3			3
Other financial assets	17 387			17 387			17 387
Total financial assets	5 152 827	375 722	- 2 526 273	3 002 276	4 056 033	- 4 099 034	2 959 275
Non financial assets							
Inventories	13 631	184 325		197 956			197 956
Property, plant and equipment	14 695 222	3 257 215		17 952 437			17 952 437
Investment property	103 495			103 495			103 495
Intangible assets	1	30 270		30 271			30 271
Assets held for sale	16 832			16 832			16 832
Other non financial assets	122 371	67		122 439			122 439
Total non financial assets	14 951 551	3 471 877		18 423 428			18 423 428
TOTAL ASSETS	20 104 378	3 847 599	- 2 526 273	21 425 704	4 056 033	- 4 099 034	21 382 703
LIABILITIES							
Deposits held	416 857	1 700	- 268 709	149 848	312	- 68 625	81 535
Advances received	281 881			281 881	216 170	- 276 564	221 486
Borrowing	2 992 613	1 376 512		4 369 125	3 750 213	- 3 704 954	4 414 384
Superannuation	3 676 153			3 676 153			3 676 153
Other employee benefits	623 960	59 101		683 061	161		683 223
Payables	208 370	111 307	- 10 077	309 600	46 179	- 5 894	349 885
Other liabilities	839 925	84 229	- 32 738	891 416	21 368	- 21 366	891 417
TOTAL LIABILITIES	9 039 759	1 632 849	- 311 524	10 361 084	4 034 403	- 4 077 403	10 318 084
NET ASSETS/(LIABILITIES)	11 064 620	2 214 749	- 2 214 750	11 064 620	21 631	- 21 631	11 064 620
Contributed equity		628 300	- 628 300		18 714	- 18 714	
Accumulated surplus/(deficit)	2 487 939	758 001		3 245 939	2 917		3 248 856
Reserves	8 576 681	828 449	- 1 586 450	7 818 680		- 2 917	7 815 764
NET WORTH	11 064 620	2 214 750	- 2 214 750	11 064 620	21 631	- 21 631	11 064 620
NET FINANCIAL WORTH ¹	- 3 886 932	- 1 257 127	- 2 214 750	- 7 358 808	21 631	- 21 631	- 7 358 808
NET FINANCIAL LIABILITIES ²	6 123 312	1 257 127		7 380 439	- 21 631		7 358 808
NET DEBT³	1 161 177	1 109 484		2 270 661	- 83 448		2 187 213

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table (continued) – Statement of Changes in Equity

2016-17	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity as at 30 June 2016							
Accumulated funds							
Accumulated funds – opening balance	1 920 268	716 918		2 637 186	2 917		2 640 103
Current year surplus(+)/deficit(-)	- 11 184	- 42 697	- 13 567	- 67 448	14 956	- 14 956	- 67 448
Changes in accounting policy							
Correction of prior period errors							
Transfers from reserves	18 331	95 838		114 170			114 170
Dividends paid/payable		- 13 567	13 567		- 14 956	14 956	
Other movements directly to equity	560 523	1 508		562 031			562 031
Total accumulated funds	2 487 939	758 001		3 245 939	2 917		3 248 856
Reserves							
Asset revaluation surplus	6 968 534	828 449		7 796 983			7 796 983
Asset realisation surplus							
Derivative revaluation surplus							
Investments in public sector entities revaluation surplus	1 589 366		- 1 586 449	2 917		- 2 917	
Other reserves	18 781			18 781			18 781
Total reserves	8 576 681	828 449	- 1 586 449	7 818 680		- 2 917	7 815 764
Capital – transactions with owners		613 300	- 613 300		18 714	- 18 714	
Equity injections							
Capital appropriation							
Equity transfers in							
Other equity injections		15 000	- 15 000				
Specific purpose payments							
National partnership payments							
Commonwealth – capital							
Equity withdrawals							
Capital withdrawals							
Equity transfers out							
Total capital – transactions with owners		628 300	- 628 300		18 714	- 18 714	
TOTAL EQUITY AT END OF FINANCIAL YEAR	11 064 620	2 214 750	- 2 214 750	11 064 620	21 631	- 21 631	11 064 620

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table (continued) – Cash Flow Statement

2016-17	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities							
Taxes received	601 374		- 11 820	589 554			589 554
Receipts from sales of goods and services	378 924	686 951	- 75 011	990 864	820	- 1 446	990 238
Grants and subsidies received	4 497 127	239 157	- 224 094	4 512 190			4 512 190
Interest receipts	98 825	3 259	- 3 254	98 830	213 742	- 213 742	98 830
Dividends and income tax equivalents	86 106		- 61 974	24 132		- 24 132	
Other receipts	496 194	21 082	- 1 570	515 706	2	- 2	515 706
Total operating receipts	6 158 549	950 449	- 377 722	6 731 276	214 565	- 239 323	6 706 518
Cash payments for operating activities							
Income tax equivalents paid		- 50 177	50 177		- 7 240	7 240	
Payments for employees	- 2 562 431	- 142 923	11 669	- 2 693 685	- 862		- 2 694 548
Payment for goods and services	- 1 668 348	- 453 547	76 663	- 2 045 231	- 1 444	1 448	- 2 045 226
Grants and subsidies paid	- 1 413 020	- 1 210	224 094	- 1 190 136			- 1 190 136
Interest paid	- 211 979	- 64 767	3 254	- 273 492	- 197 065	213 742	- 256 815
Other payments	- 9 357	- 30 421	14	- 39 764			- 39 764
Total operating payments	- 5 865 135	- 743 045	365 871	- 6 242 309	- 206 611	222 430	- 6 226 489
NET CASH FLOWS FROM OPERATING ACTIVITIES	293 414	207 404	- 11 851	488 968	7 953	- 16 892	480 029
Cash flows from investments in non financial assets							
Sales of non financial assets	49 304	707		50 011			50 011
Purchases of non financial assets	- 774 627	- 237 359		- 1 011 985			- 1 011 985
Net cash flows from investments in non financial assets	- 725 323	- 236 651		- 961 974			- 961 974
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 431 908	- 29 247	- 11 851	- 473 006	7 953	- 16 892	- 481 945
Net cash flows from investments in financial assets for policy purposes ¹	- 14 173		15 000	827	2 004	- 2 004	827
Net cash flows from investments in financial assets for liquidity purposes	168 917			168 917	56 426	- 56 426	168 917
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 570 579	- 236 651	15 000	- 792 230	58 430	- 58 430	- 792 230
Net cash flows from financing activities							
Advances received (net)	- 11 583			- 11 583	- 7 104	10 583	- 8 104
Borrowing (net)	- 106 452	54 166		- 52 286	- 12 680	47 847	- 17 119
Deposits received (net)	55 508	371	- 28 442	27 437	- 210	- 29 498	- 2 270
Dividends paid		- 11 851	11 851		- 16 892	16 892	
Other financing (net)		15 000	- 15 000				
NET CASH FLOWS FROM FINANCING ACTIVITIES	- 62 527	57 685	- 31 591	- 36 433	- 36 886	45 825	- 27 494
NET INCREASE/DECREASE IN CASH HELD	- 339 692	28 439	- 28 442	- 339 696	29 498	- 29 498	- 339 696
Net cash flows from operating activities	293 414	207 404	- 11 851	488 968	7 953	- 16 892	480 029

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table – Cash Flow Statement (continued)

	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash flows from investments in non financial assets	- 725 323	- 236 651		- 961 974			- 961 974
Dividends paid		- 11 851	11 851		- 16 892	16 892	
CASH SURPLUS (+)/DEFICIT (-)	- 431 908	- 41 098		- 473 006	- 8 939		- 481 945
Future infrastructure and superannuation contributions/earnings ²	- 31 773			- 31 773			- 31 773
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 463 682	- 41 098		- 504 780	- 8 939		- 513 719
Additional information to the Cash Flow Statement							
CASH SURPLUS (+)/DEFICIT (-)	- 431 908	- 41 098		- 473 006	- 8 939		- 481 945
Acquisitions under finance leases and similar arrangements	- 1 692	- 2 226		- 3 919			- 3 919
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 433 601	- 43 324		- 476 925	- 8 939		- 485 864

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table (continued) – Comprehensive Operating Statement

2015-16 – Restated	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
REVENUE FROM CONTINUING OPERATIONS							
Taxation revenue	608 424		- 10 277	598 147			598 147
Current grants	4 351 430	157 308	- 154 006	4 354 732			4 354 732
Capital grants	331 203	97 626	- 89 881	338 948			338 948
Sales of goods and services	435 521	648 787	- 76 946	1 007 363	820	- 1 441	1 006 742
Interest income	101 785	3 789	- 4 001	101 573	238 408	- 238 402	101 580
Dividend and income tax equivalent income	97 324		- 73 192	24 132		- 24 132	
Other revenue	275 418	54 890	- 28 988	301 320	2	- 44	301 277
TOTAL REVENUE FROM CONTINUING OPERATIONS	6 201 106	962 399	- 437 290	6 726 215	239 230	- 264 019	6 701 426
<i>less</i> EXPENSES FROM CONTINUING OPERATIONS							
Employee benefits expense	2 153 697	111 690		2 265 387	762		2 266 149
Superannuation expenses							
Superannuation interest cost	111 465			111 465			111 465
Other superannuation expenses	231 857	15 781	- 4 720	242 918	86	- 42	242 962
Depreciation and amortisation	322 587	214 000		536 587			536 587
Other operating expenses	1 440 410	487 878	- 87 434	1 840 854	1 420	- 1 443	1 840 832
Interest expenses	234 918	66 632	- 4 001	297 548	212 830	- 238 402	271 976
Other property expenses	2 002	54 487	- 54 509	1 981	7 240	- 7 240	1 981
Current grants	949 688		- 57 338	892 350			892 350
Capital grants	250 610	2 487	- 113 592	139 506			139 506
Subsidies and personal benefit payments	220 056	1 578	- 96 668	124 965			124 965
TOTAL EXPENSES FROM CONTINUING OPERATIONS	5 917 290	954 531	- 418 261	6 453 560	222 338	- 247 126	6 428 772
TRANSACTIONS FROM DISCONTINUING OPERATIONS	2 294	- 355	51	1 990			1 990
<i>equals</i> NET OPERATING BALANCE	286 110	7 513	- 18 978	274 645	16 892	- 16 892	274 645
<i>plus</i> Other economic flows – included in operating result	- 144 509	- 63 620		- 208 129			- 208 129
Other economic flows – included in operating result – discontinued operations	100 221	- 31 906		68 316			68 316
<i>equals</i> OPERATING RESULT	241 823	- 88 014	- 18 978	134 831	16 892	- 16 892	134 831
<i>plus</i> Other economic flows – other comprehensive income	- 415 864	- 150 938	226 024	- 340 778			- 340 778
Other economic flows – other comprehensive income – discontinued operations	88 037	31 906		119 942			119 942
<i>equals</i> COMPREHENSIVE RESULT – total change in net worth before transactions with owners in their capacity as owners	- 86 004	- 207 046	207 046	- 86 004	16 892	- 16 892	- 86 004
NET OPERATING BALANCE	286 110	7 513	- 18 978	274 645	16 892	- 16 892	274 645

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table – Comprehensive Operating Statement (continued)

	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<i>less</i> Net acquisition of non financial assets							
Purchases of non financial assets	741 740	251 730		993 470			993 470
Sales of non financial assets	- 48 610	- 318		- 48 927			- 48 927
<i>less</i> Depreciation	322 587	214 000		536 587			536 587
<i>plus</i> Change in inventories	1 923	- 381		1 542			1 542
<i>plus</i> Other movements in non financial assets	- 56 026	35 024		- 21 002			- 21 002
<i>equals</i> Total net acquisition of non financial assets	316 441	72 055		388 496			388 496
<i>equals</i> FISCAL BALANCE	- 30 330	- 64 543	- 18 978	- 113 851	16 892	- 16 892	- 113 851

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table (continued) – Balance Sheet

2015-16 – Restated	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
ASSETS							
Financial assets							
Cash and deposits	623 654	240 290	- 240 267	623 677	39 128	- 39 128	623 677
Advances paid	177 967			177 967	76 354	- 76 354	177 967
Investments, loans and placements	2 206 762			2 206 762	3 963 594	-3 963 594	2 206 762
Receivables	380 703	162 056	- 51 254	491 505	5 899	- 30 038	467 367
Equity							
Investments in other public sector entities	2 027 718		-2 006 087	21 631		- 21 631	
Investments – other		2		2			2
Other financial assets	16 249			16 249			16 249
Total financial assets	5 433 053	402 349	-2 297 608	3 537 793	4 084 974	-4 130 744	3 492 024
Non financial assets							
Inventories	13 470	184 870		198 340			198 340
Property, plant and equipment	13 680 291	2 977 299		16 657 590			16 657 590
Investment property	110 694			110 694			110 694
Intangible assets	1	31 558		31 559			31 559
Assets held for sale	26 141			26 141			26 141
Other non financial assets	122 577	68		122 646			122 646
Total non financial assets	13 953 174	3 193 795		17 146 969			17 146 969
TOTAL ASSETS	19 386 227	3 596 144	- 2 297 608	20 684 762	4 084 974	- 4 130 744	20 638 993
LIABILITIES							
Deposits held	361 349	1 329	- 240 267	122 412	521	- 39 128	83 805
Advances received	293 464			293 464	223 273	- 287 147	229 590
Borrowing	3 097 390	1 320 120		4 417 511	3 768 272	-3 752 801	4 432 981
Superannuation	4 263 850			4 263 850			4 263 850
Other employee benefits	591 873	56 555		648 428	139		648 567
Payables	206 484	114 921	- 12 395	309 010	47 005	- 5 905	350 110
Other liabilities	899 470	97 130	- 38 859	957 741	24 134	- 24 133	957 743
TOTAL LIABILITIES	9 713 880	1 590 056	- 291 521	11 012 416	4 063 344	- 4 109 113	10 966 647
NET ASSETS/(LIABILITIES)	9 672 346	2 006 087	- 2 006 087	9 672 346	21 631	- 21 630	9 672 346
Contributed equity		613 300	- 613 300		18 714	- 18 714	
Accumulated surplus/(deficit)	1 920 268	716 918		2 637 186	2 917		2 640 103
Reserves	7 752 078	675 869	- 1 392 787	7 035 160		- 2 917	7 032 244
NET WORTH	9 672 346	2 006 087	- 2 006 087	9 672 346	21 631	- 21 631	9 672 346
NET FINANCIAL WORTH ¹	- 4 280 828	- 1 187 708	- 2 006 087	- 7 474 623	21 631	- 21 630	- 7 474 623
NET FINANCIAL LIABILITIES ²	6 308 546	1 187 708		7 496 253	- 21 631		7 474 623
NET DEBT³	743 821	1 081 159		1 824 980	- 87 009		1 737 971

1 Net financial worth equals total financial assets minus total liabilities.

2 Net financial liabilities equals the sum of total liabilities minus total financial assets excluding investments in other public sector entities.

3 Net debt equals the sum of deposits held, advances received and borrowing, minus the sum of cash and deposits, advances paid and investments, loans and placements.

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table (continued) – Statement of Changes in Equity

2015-16 - Restated	GGs	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Equity as at 30 June 2016							
Accumulated funds							
Accumulated funds – opening balance	1 963 100	812 738		2 775 838	2 917		2 778 755
Current year surplus(+)/deficit(-)	241 823	- 88 014	- 18 978	134 831	16 892	- 16 892	134 831
Changes in accounting policy							
Correction of prior period errors		- 38 751		- 38 751			- 38 751
Transfers from reserves	113 326	56 357		169 683			169 683
Dividends paid/payable		- 18 978	18 978		- 16 892	16 892	
Other movements directly to equity	- 397 982	- 6 433		- 404 415			- 404 415
Total accumulated funds	1 920 268	716 918		2 637 186	2 917		2 640 103
Reserves							
Asset revaluation surplus	6 338 423	675 869		7 014 292			7 014 292
Asset realisation surplus							
Derivative revaluation surplus							
Investments in public sector entities revaluation surplus	1 395 704		- 1 392 787	2 917		- 2 917	
Other reserves	17 952			17 952			17 952
Total reserves	7 752 078	675 869	- 1 392 787	7 035 160		- 2 917	7 032 244
Capital – transactions with owners		711 670	- 711 670		18 714	- 18 714	
Equity injections							
Capital appropriation							
Equity transfers in		93 542	- 93 542				
Other equity injections		160 221	- 160 221				
Specific purpose payments							
National partnership payments							
Commonwealth – capital							
Equity withdrawals							
Capital withdrawals		94 853	- 94 853				
Equity transfers out		257 280	- 257 280				
Total capital – transactions with owners		613 300	- 613 300		18 714	- 18 714	
TOTAL EQUITY AT END OF FINANCIAL YEAR	9 672 346	2 006 087	- 2 006 087	9 672 346	21 631	- 21 631	9 672 346

Notes to the Financial Statements

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46. Elimination Table (continued) – Cash Flow Statement

2015-16 – Restated	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cash receipts from operating activities							
Taxes received	588 601		- 9 156	579 446			579 446
Receipts from sales of goods and services	453 702	634 394	- 79 352	1 008 745	820	- 1 450	1 008 114
Grants and subsidies received	4 683 836	253 489	- 243 887	4 693 438			4 693 438
Interest receipts	100 043	3 894	- 4 106	99 831	239 140	- 239 140	99 831
Dividends and income tax equivalents	100 194		- 64 066	36 129		- 36 129	
Other receipts	492 586	18 091	- 705	509 971	2	- 18	509 956
Total operating receipts	6 418 963	909 867	- 401 271	6 927 559	239 962	- 276 737	6 890 784
Cash payments for operating activities							
Income tax equivalents paid		- 42 421	42 421		- 10 839	10 839	
Payments for employees	- 2 488 601	- 130 409	9 000	- 2 610 010	- 912		- 2 610 923
Payment for goods and services	- 1 664 840	- 352 893	80 396	- 1 937 337	- 1 452	1 468	- 1 937 321
Grants and subsidies paid	- 1 355 615	- 1 578	243 887	- 1 113 306			- 1 113 306
Interest paid	- 234 986	- 67 097	4 106	- 297 977	- 225 445	239 140	- 284 282
Other payments	- 26 321	- 74 445	22	- 100 744			- 100 744
Total operating payments	-5 770 363	- 668 843	379 832	- 6 059 375	- 238 648	251 447	- 6 046 576
NET CASH FLOWS FROM OPERATING ACTIVITIES	648 600	241 024	- 21 440	868 184	1 315	- 25 290	844 208
Cash flows from investments in non financial assets							
Sales of non financial assets	48 610	318		48 927			48 927
Purchases of non financial assets	- 744 604	- 251 730		- 996 334			- 996 334
Net cash flows from investments in non financial assets	- 695 995	- 251 412		- 947 407			- 947 407
NET CASH FROM OPERATING ACTIVITIES AND INVESTMENTS IN NON FINANCIAL ASSETS	- 47 395	- 10 388	- 21 440	- 79 223	1 315	- 25 290	- 103 198
Net cash flows from investments in financial assets for policy purposes ¹	421 932	- 8 237	65 369	479 064	8 671	- 8 671	479 064
Net cash flows from investments in financial assets for liquidity purposes	176 303			176 303	573 353	- 573 353	176 303
NET CASH FLOWS FROM INVESTING ACTIVITIES	- 97 759	- 259 649	65 369	- 292 039	582 025	- 582 025	- 292 039
Net cash flows from financing activities							
Advances received (net)	- 32 851			- 32 851	- 6 788	37 948	- 1 691
Borrowing (net)	- 616 961	61 486		- 555 475	- 531 621	544 076	- 543 019
Deposits received (net)	112 251	419	- 87 216	25 454	51	- 19 691	5 814
Dividends paid		- 21 440	21 440		- 25 290	25 290	
Other financing (net)		65 369	- 65 369				
NET CASH FLOWS FROM FINANCING ACTIVITIES	- 537 561	105 835	- 131 145	- 562 872	- 563 648	587 623	- 538 896
NET INCREASE/DECREASE IN CASH HELD	13 280	87 209	- 87 216	13 272	19 691	- 19 691	13 272
Net cash flows from operating activities	648 600	241 024	- 21 440	868 184	1 315	- 25 290	844 208

Notes to the Financial Statements

For the year ended 30 June 2017

46. Elimination Table – Cash Flow Statement (continued)

	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Net cash flows from investments in non financial assets	- 695 995	- 251 412		- 947 407			- 947 407
Dividends paid		- 21 440	21 440		- 25 290	25 290	
CASH SURPLUS (+)/DEFICIT (-)	- 47 395	- 31 828		- 79 223	- 23 976		- 103 198
Future infrastructure and superannuation contributions/earnings ²	- 22 263			- 22 263			- 22 263
UNDERLYING SURPLUS (+)/DEFICIT (-)	- 69 658	- 31 828		- 101 486	- 23 976		- 125 461
Additional information to the Cash Flow Statement							
CASH SURPLUS (+)/DEFICIT (-)	- 47 395	- 31 828		- 79 223	- 23 976		- 103 198
Acquisitions under finance leases and similar arrangements	- 3 114	- 1 159		- 4 273			- 4 273
ABS GFS SURPLUS (+)/DEFICIT (-) including finance leases and similar arrangements	- 50 509	- 32 986		- 83 496	- 23 976		- 107 471

1 Includes equity acquisitions, disposals and privatisations (net).

2 Contributions for future infrastructure and superannuation requirements.

Notes to the Financial Statements

For the year ended 30 June 2017

47. GFS Generally Accepted Accounting Principles (GAAP) Reconciliation

There is a general consistency between the AASB 1049 Whole of Government and General Government Sector Financial Reporting accounting standard (upon which this report is based) and the Government Finance Statistics GFS economic reporting standard. GFS information enables policy-makers and analysts to study developments in the financial operations, financial position and liquidity situation of the Government based on consistent economic reporting rules and definitions.

Notes to the Financial Statements

For the year ended 30 June 2017

47. GFS Generally Accepted Accounting Principles (GAAP) Reconciliation (continued)

Nevertheless, there are differences between GFS and AASB 1049 with regard to the treatment of a number of items. The major differences between the two reporting standards are set out in the following table.

2016-17 GFS GAAP Reconciliation

	GGS \$000	PNFC sector \$000	Eliminations \$000	NFPS \$000	PFC sector \$000	Eliminations \$000	Total public sector \$000
a) Reconciliation to GFS Net Operating Balance							
Net result from transactions – net operating balance	- 76 992	- 11 060	- 13 567	- 101 619	14 956	- 14 956	- 101 619
Convergence differences							
Dividends to general government sector from other sector entities		- 13 567	13 567		- 14 956	14 956	
Total convergence difference		- 13 567	13 567		- 14 956	14 956	
GFS NET OPERATING BALANCE	- 76 992	- 24 627		- 101 619			- 101 619
b) Reconciliation to GFS Fiscal Balance							
Fiscal balance	- 466 367	- 68 425	- 13 567	- 548 359	14 956	- 14 956	- 548 359
Convergence differences							
Relating to net operating balance Note 47 (a)		- 13 567	13 567		- 14 956	14 956	
Total convergence difference		- 13 567	13 567		- 14 956	14 956	
GFS FISCAL BALANCE	- 466 367	- 81 991		- 548 359			- 548 359
c) Reconciliation to GFS Total Change in Net Worth							
Comprehensive result – total change in net worth before transactions with owners as owners	1 392 273	207 229	- 207 229	1 392 273	14 956	- 14 956	1 392 273
Convergence differences							
Relating to net operating balance Note 47 (a)		- 13 567	13 567		- 14 956	14 956	
Relating to other economic flows							
Bad and doubtful debts	14 846	3 737		18 583			18 583
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	3 737		- 3 737				
Remeasurement of shares and other contributed capital		- 197 399	197 399				
Total convergence difference	18 583	- 207 229	207 229	18 583	- 14 956	14 956	18 583
GFS TOTAL CHANGE IN NET WORTH	1 410 856			1 410 856			1 410 856
d) Reconciliation to GFS Net Worth							
Net worth	11 064 619	2 214 750	- 2 214 750	11 064 619	21 631	- 21 631	11 064 619
Convergence differences							
Shares and other contributed capital		- 2 214 750	2 214 750		- 21 631	21 631	
Total convergence difference		- 2 214 750	2 214 750		- 21 631	21 631	
GFS TOTAL CHANGE IN NET WORTH	11 064 619			11 064 619			11 064 619

Notes to the Financial Statements

For the year ended 30 June 2017

47. GFS Generally Accepted Accounting Principles (GAAP) Reconciliation (continued)

2015-16 GFS GAAP Reconciliation

	GGS	PNFC sector	Eliminations	NFPS	PFC sector	Eliminations	Total public sector
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
a) Reconciliation to GFS Net Operating Balance							
Net result from transactions – net operating balance	286 110	7 513	- 18 978	274 645	16 892	- 16 892	274 645
Convergence differences							
Dividends to general government sector from other sector entities		- 18 978	18 978		- 16 892	16 892	
Total convergence difference		- 18 978	18 978		- 16 892	16 892	
GFS NET OPERATING BALANCE	286 110	- 11 466		274 645			274 645

b) Reconciliation to GFS Fiscal Balance

Fiscal balance	- 30 330	- 64 543	- 18 978	- 113 851	16 892	- 16 892	- 113 851
Convergence differences							
Relating to net operating balance Note 3 (a)		- 18 978	18 978		- 16 892	16 892	
Total convergence difference		- 18 978	18 978		- 16 892	16 892	
GFS FISCAL BALANCE	- 30 330	- 83 521		- 113 851			- 113 851

c) Reconciliation to GFS Total Change in Net Worth

Comprehensive result – total change in net worth before transactions with owners as owners	- 86 004	- 207 046	207 046	- 86 004	16 892	- 16 892	- 86 004
Convergence differences							
Relating to net operating balance Note 3 (a)		- 18 978	18 978		- 16 892	16 892	
Relating to other economic flows							
Bad and doubtful debts	13 434	2 967		16 401			16 401
Net gain on equity investments in other sector entities measured at proportional share of carrying amount of net assets/(liabilities)	2 967		- 2 967				
Remeasurement of shares and other contributed capital		223 057	- 223 057				
Total convergence difference	16 401	207 046	- 207 046	16 401	- 16 892	16 892	16 401
GFS TOTAL CHANGE IN NET WORTH	- 69 604			- 69 604			- 69 004

d) Reconciliation to GFS Net Worth

Net worth	9 672 346	2 006 087	- 2 006 087	9 672 346	21 631	- 21 631	9 672 346
Convergence differences							
Shares and other contributed capital		- 2 006 087	2 006 087		- 21 631	21 631	
Total convergence difference		- 2 006 087	2 006 087		- 21 631	21 631	
GFS TOTAL CHANGE IN NET WORTH	9 672 346			9 672 346			9 672 346

48. Glossary

ABS GFS Manual

The Australian Bureau of Statistics (ABS) publication Australian System of Government Finance Statistics (GFS): Concepts, Sources and Methods as updated from time to time.

Accountable Officer's Trust Account

Established under section 7(1) of the *Financial Management Act* to enable agencies to hold money in trust for another person or entity. Transactions in these accounts are excluded from the Public Account.

Accrual Accounting

A recording method in which revenues, expenses, lending and borrowing are recognised as they are earned or incurred, regardless of when a cash payment is made or received.

Administrative Arrangements Order

A list of Ministers of the Northern Territory, agencies, Acts and principal areas of government for which they are responsible.

Advances/Advances Paid

Advances are the creation of financial assets (that is, an increase in the indebtedness to government units) with the aim of funding particular enterprise, household or government activities.

Agency

A unit of government administration, office or statutory corporation, nominated in an Administrative Arrangements Order for the purposes of the *Financial Management Act* and including, where the case requires, a part or division (by whatever name called) of an agency.

Appropriation

An authority given by the Legislative Assembly to make payments, now or at some future time, for the purposes stated, up to the limit of the amount in the particular Act.

Appropriation Act

Includes a *Supply Act* and an annual *Appropriation Act* or an additional *Appropriation Act*.

Australian Accounting Standards

Statements of accounting standards that can be applied in preparation and presentation of financial statements.

Capital Grants

Transactions in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another, cash is transferred to enable the recipient to acquire another asset, or the funds realised by the disposal of another asset are transferred, for which no economic benefits of equal value are receivable or payable in return.

Cash Surplus/Deficit

Reported in the Cash Flow Statement and measures the net impact of cash flows during the period. It equals net cash flows from operating activities plus net cash flows from acquisition and disposal of non financial assets, less distributions paid, less value of assets acquired under finance leases and similar arrangements.

Central Holding Authority (CHA)

Created by section 5 of the *Financial Management Act*, CHA is a representation of the revenue, expenses, assets and liabilities of the Territory. Credited to this account is all money received by or on behalf of the Territory or an agency, except that required or permitted by or under the *Financial Management Act* or any other Act to be credited to an operating account or to an Accountable Officer's Trust Account.

Change in Net Worth

Change in net worth (comprehensive result) is revenue from transactions less expenses from transactions plus other economic flows, and measures the variation in a government's accumulated assets and liabilities.

Community Service Obligation (CSO)

A CSO arises when the Government requires a government business division or government owned corporation to carry out activities it would not choose to do on a commercial basis or would only do so at higher commercial prices. CSOs allow the Government to achieve identifiable community or social objectives that would not be achieved if left solely to commercial considerations.

Comprehensive Result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other movements in equity, other than transactions with owners as owners.

Contingent Liability

A potential financial obligation arising out of a condition, situation, guarantee or indemnity, the ultimate effect of which will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

Convergence Difference

The difference between the amounts recognised in the financial statements compared with the amounts determined for Government Finance Statistic purposes as a result of differences in definition, recognition, measurement, classification and consolidation principles and rules.

Current Grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Discontinued Operations

The term used to describe the disposal of an entity or a group of components of an entity by way of sale or is disposed of by a way other than sale.

Doubtful Debt

A debt treated as a possible future loss and for which a provision has been made.

Eliminations

Adjustments relating to interrelated transactions or entries between entities within the total public sector.

Employee Benefits Expense

Consist of all uncapitalised compensation of employees except for superannuation. It includes payments in cash or in-kind.

Notes to the Financial Statements

For the year ended 30 June 2017

Finance Lease

Lease agreements that transfer substantially all the risks and benefits relating to ownership of an asset from the lessor (legal owner) to the lessee (party using the asset).

Financial Asset

Any asset that is:

- cash
- an equity instrument of another entity
- a contractual right:
 - to receive cash or another financial asset from another entity, or
 - to exchange financial assets or financial liabilities with another entity under conditions potentially favourable to the entity, or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments, or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Fiscal Aggregates

Analytical balances useful for macroeconomic analysis purposes, including assessing the impact of a government and its sectors on the economy. AASB 1049 prescribes net operating balance, net lending/borrowing (fiscal balance), change in net worth (comprehensive result), net worth and cash surplus/deficit. The Uniform Presentation Framework prescribes additional fiscal aggregates not included in AASB 1049: these are net debt, net financial worth, net financial liabilities and ABS GFS cash surplus/deficit.

Fiscal Balance (Net Lending/Borrowing)

Fiscal balance, also referred to as net lending/borrowing, is an operating statement measure that differs from the net operating balance as it includes spending on capital items but excludes depreciation. A net lending (or fiscal surplus) balance indicates a government is saving more than enough to finance all its investment spending. A net borrowing (or fiscal deficit) position indicates that a government's level of investment is greater than its level of savings.

General Government Sector (GGS)

Defined in GFS as an entity or group of entities mainly engaged in the production of goods and or services outside the normal market mechanism. Goods and services are provided free of charge or at nominal charges well below costs of production.

Generally Accepted Accounting Principles (GAAP)

Term used to describe broadly the body of principles that governs the accounting for financial transactions underlying the preparation of a set of financial statements.

Goods and Services Tax (GST) Revenue

On 1 July 2000, the Commonwealth introduced GST. Payments from the Commonwealth return the GST revenue to the states and territories, replacing the previous general purpose grants.

Notes to the Financial Statements

For the year ended 30 June 2017

Government Business Division (GBD)

A Territory-controlled trading entity that follows commercial practices and is required to comply with competitive neutrality principles.

Government Finance Statistics (GFS)

Refers to statistics that measure the financial transactions of governments and reflect the impact of those transactions on other sectors of the economy. GFS in Australia are developed by the ABS in conjunction with all governments and mainly based on international statistical standards, developed in consultation with member countries by the International Monetary Fund.

Government Owned Corporation

An entity in which its objectives are to operate at least as efficiently as any corporate business and maximise sustainable returns to government. The *Government Owned Corporations Act* adopts the shareholder model of corporate governance. The Territory has three government owned corporations: Power and Water Corporation, power generation (Territory Generation) and power retail corporation (Jacana Energy).

Government Purpose Classification

Classifies outlays or expenditure transactions by the purpose served, for example, health or education.

Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can be either of a current or capital nature (see current grants and capital grants).

Grants can be paid as general purpose grants, which refer to grants not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants, which are paid for a particular purpose and or have conditions attached regarding their use.

Grants for On-Passing

All grants paid to one institutional sector (for example, a state general government) to be passed on to another institutional sector (for example, local government or a non-profit institution).

Guarantee

An undertaking to answer for the debt or obligations of another person or entity.

Indemnity

A written undertaking to compensate, protect or insure another person or entity against future financial loss, damage or liability.

Interest Expense

Costs incurred in connection with the borrowing of funds. It includes interest on advances, loans, overdrafts, bonds and bills, deposits, interest components of finance lease repayments and amortisation of discounts or premiums in relation to borrowing.

Intergovernmental Agreement

An agreement signed by all states and the Commonwealth in December 2008 defining the framework for federal financial relations, encompassing Commonwealth funding to states through general revenue assistance, specific purpose payments and national partnership payments.

Notes to the Financial Statements

For the year ended 30 June 2017

International Financial Reporting Standards (IFRS)

The term used to describe the move to standardise existing global international accounting standards. Australian equivalents to these new standards have been adopted for reporting periods on or after 1 January 2005.

Inventories

Includes goods or other property used in the production of goods or services, or held for sale, but does not include livestock and other regenerative natural resources.

Key Management Personnel (KMP)

Persons having authority and responsibility for planning, directing and controlling the activities of government or a Territory Government-controlled entity, directly or indirectly, including those in a position to influence the strategic direction of the entity.

Loan Council

The Australian Loan Council coordinates borrowing by Commonwealth and state governments. Current arrangements seek to emphasise transparency of public sector finances, through financial market scrutiny of proposed borrowing to restrict borrowing to prudent levels.

Loan Council Allocation

The nomination to the Loan Council of the level of financing required.

Memorandum Items – Loan Council

Memorandum items are used to adjust the cash surplus/deficit to include in the Loan Council Allocation certain transactions that may have the characteristics of public sector borrowings but do not constitute formal borrowings.

National Partnership Agreements

National partnership (NP) agreements are agreements between the Commonwealth, states and territories with defined objectives, outcomes, outputs and performance measures related to the delivery of specified projects or to facilitate reforms of national significance.

National Partnership Payments

NP payments are tied Commonwealth grants provided to states and territories to enable them to achieve the outcomes and outputs of an NP agreement.

Net Acquisition/(Disposal) of Non Financial Assets from Transactions

Purchases (or acquisitions) of non financial assets less sales (or disposals) of non financial assets less depreciation plus changes in inventories and other movements in non financial assets.

Purchases and sales (or net acquisitions) of non financial assets generally include accrued expenses and payables for capital items. Purchases exclude non-produced assets and valuables, which are included in other movements in non financial assets.

Net Actuarial Gains/Losses

Includes actuarial gains and losses on defined benefit superannuation plans.

Net Cash Flows from Investments in Financial Assets (Liquidity Management Purposes)

Cash receipts from liquidation or repayment of investments in financial assets for liquidity management purposes less cash payments for such investments. Investment for liquidity management purposes means making funds available to others with no policy intent and with the aim of earning a commercial rate of return.

Notes to the Financial Statements

For the year ended 30 June 2017

Net Cash Flows from Investments in Financial Assets (Policy Purposes)

Cash receipts from liquidation or repayment of investments in financial assets for policy purposes less cash payments for acquiring financial assets for policy purposes. Acquisition of financial assets for policy purposes is distinguished from investments in financial assets (liquidity management purposes) by the underlying government motivation for acquiring the assets. Acquisition of financial assets for policy purposes is motivated by government policies such as encouraging the development of certain industries or assisting citizens affected by natural disaster.

Net Debt

Net debt measures a government's net stock of selected gross financial liabilities less financial assets.

Net debt equals sum of deposits held, advances received, government securities, loans and other borrowing less the sum of cash and deposits, advances paid and investments, loans and placements.

Net Financial Liabilities

Total liabilities less financial assets, other than equity in public non financial corporations and public financial corporations. This measure is broader than net debt as it includes significant liabilities, other than borrowings (for example, accrued employee liabilities such as superannuation and long service leave entitlements). For the public non financial corporation and public financial corporations sectors, it is equal to negative net financial worth.

Net Financial Worth

A measure of a government's net holdings of financial assets. It is calculated from the Uniform Presentation Framework Balance Sheet as financial assets minus liabilities. Net financial worth is a broader measure than net debt as it incorporates provisions (such as superannuation, but excludes depreciation and doubtful debts), as well as holdings of equity. Net financial worth includes all classes of financial assets and liabilities.

Net Gain on Equity Investment in other Sector Entities Measured at Proportional Share of the Carrying Amount of Net Assets/(Liabilities)

Comprises the net gains relating to the equity held by the general government sector in other sector entities. It arises from a change in the carrying amount of net assets of the subsidiaries. The net gains are measured based on the proportional share of the subsidiary's carrying amount of net assets/(liabilities) before elimination of intersector balances.

Net Operating Balance

The revenue from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations and excludes gains and losses resulting from changes in price levels and other changes in the volume of assets. It is the component of the change in net worth that is due to transactions and can be attributed directly to government policies.

Net Worth

Provides a relatively comprehensive picture of a government's overall financial position. It is calculated as total assets less total liabilities less shares and other contributed capital. It includes a government's non financial assets such as land and other fixed assets, which may be sold and used to repay debt, as well as its financial assets and liabilities including debtors, creditors and superannuation liabilities. Net worth also shows asset acquisitions over time, giving an indication of the extent to which borrowings are used to finance asset purchases, rather than only current expenditure.

Notes to the Financial Statements

For the year ended 30 June 2017

Non Financial Assets

Assets that are not financial assets, predominantly land and other fixed assets.

Non Financial Public Sector (NFPS)

The sector formed through a consolidation of the general government and public non financial corporation subsectors.

Non-Profit Institution

A legal or social entity created for the purpose of producing or distributing goods and services but not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Operating Account

A government business division operating account or an agency operating account established under section 6(1) of the *Financial Management Act*.

Operating Result

A measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

Other Current Revenues

Current revenue other than current revenue from taxes, sales of goods and services, and property income. It includes revenue from fines other than penalties imposed by tax authorities.

Other Economic Flows

Changes in the volume or value of an asset or liability that do not result from transactions (such as revaluations and other changes in the volume of assets).

Other Operating Expenses

The total value of goods and services used in production and use of goods acquired for resale. Goods and services acquired for use as direct in-kind transfer to households or as grants are excluded.

Other Superannuation Expenses

Includes all superannuation expenses from transactions except superannuation interest cost. It generally includes current service cost, which is the increase in entitlements associated with the employment services provided by employees in the current period. Superannuation actuarial gains/losses are excluded as they are considered other economic flows.

Payables

Includes short-term and long-term trade debt and accounts payable, grants and interest payable.

Provisions

Amounts set aside by entities from current revenue or income for future payments.

Public Account

Comprises agencies subject to the *Financial Management Act*, where the financial transactions of the Northern Territory Government are recorded. As defined in section 4(2) of the Act, it comprises the CHA and operating accounts.

Notes to the Financial Statements

For the year ended 30 June 2017

Public Financial Corporations (PFC)

Government-controlled entities that perform central bank functions, and or have the authority to incur liabilities and acquire financial assets in the market on their own account.

Public Non Financial Corporations (PNFC)

Public enterprises primarily engaged in the production of goods or services of a non-financial nature, for sale in the market place at prices that aim to recover most of the costs involved.

Public Private Partnerships (PPPs)

A term used to describe a method of procuring government infrastructure and associated services. PPPs create opportunities with the private sector for increasing investment in social and economic infrastructure. The Territory's PPP policy framework, Territory Partnerships, defines the protocol for such commercial dealings between the public and private sectors.

Receivables

Includes short-term and long-term trade credit and accounts receivable, grants, taxes and interest receivable.

Related Parties

Persons or entities related to the Territory Government and include key management personnel (KMP), close family members of KMP, any entities controlled or jointly controlled by KMP or their close family members and entities related to the government.

Sale of Goods and Services

Revenue from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rental income from the use of non-produced assets such as land. User charges include sale of goods and services revenue.

Securities other than Shares

Negotiable financial instruments serving as evidence of the obligations to settle by means of providing cash, a financial instrument, or some other item of economic value. The security normally specifies a schedule for interest payments and principal repayments. Some examples are: bills, bonds and debentures, commercial paper, and securitised mortgage loans.

Specific Purpose Payments (SPPs)

A Commonwealth financial contribution to support delivery of services in a particular sector. Payments are made from the Commonwealth Treasury to state and territory treasuries and are appropriated to the relevant government agency.

Superannuation Interest Cost

The expense resulting from the increase in the liability due to the fact that, for all participants in the scheme, retirement (and death) is one year nearer, and so one fewer discount factors must be used to calculate the present value of the benefits for each future year. Interest cost is the increase during a period in the present value of a defined benefit obligation that arises because the benefits are one period closer to settlement, as per the relevant accounting standard. The cost is measured net of the return on plan assets of defined benefit schemes.

Tax Equivalents Regime

The mechanism to ensure government business divisions and government owned corporations incur similar tax liabilities to privately owned organisations. Thus, greater parity exists between the cost structures of government-controlled trading entities and the private sector, aiding in the achievement of competitive neutrality.

Total Public Sector

The total public sector is formed through a consolidation of the non financial public sector and public financial corporations.

Transactions

Interactions between two institutional units by mutual agreement or actions within a unit that are analytically useful to treat as transactions.

Treasurer's Advance

An appropriation purpose of that name as specified in an *Appropriation Act*, which provides a pool of funds specifically set aside in each Budget to meet one-off unexpected costs that arise during the year and are substantial enough to warrant additional appropriation.

Uniform Presentation Framework (UPF)

A uniform reporting framework agreed by the Australian Loan Council in 2000, which is a revision of the agreement reached at the 1991 Premiers' Conference. The UPF was further updated and re-issued in April 2008 to incorporate accounting standard AASB 1049 Whole of Government and General Government Sector Financial Reporting. The UPF specifies that the Commonwealth, state and territory governments will present a minimum set of budget and financial outcome information based on the Government Finance Statistics, according to an agreed format and specified Loan Council reporting arrangements.

Whole of Government Financial Report

A financial report prepared by a government in accordance with Australian Accounting Standards, including AASB 127 Consolidated and Separate Financial Statements, and thereby separately recognises assets, liabilities, income, expenses and cash flows of all entities under the control of the government on a line-by-line basis.

Additional Financial Information (Unaudited)

Additional Financial Information

This section of the Treasurer's Annual Financial Report (TAFR) provides financial information for agencies to supplement the whole of government and sectoral tables presented in the audited section. This information is not required under the Uniform Presentation Framework (UPF) or the *Fiscal Integrity and Transparency Act* (FITA) and accordingly is not audited. The summary agency financial information and explanations ensure the report is a comprehensive financial report. The intent of this section is to highlight changes in appropriation (the direct funding to agencies approved by Parliament in the *Appropriation Act* and subsequent adjustments approved in accordance with the *Financial Management Act* (FMA)) to agencies, with significant movements during 2016-17 explained.

This section also includes supplementary tables required under the UPF but not required to be audited.

Variations to Appropriations Authorised During the Year

Appropriation is the term used in the FMA to describe the legal amount authorised to be paid from the Central Holding Authority for operational and capital expenditure purposes to general agencies. Appropriation by purpose to agencies for the 2016-17 financial year is specified in the 2016-17 *Appropriation Act*, and passed by the Legislative Assembly. During the course of any financial year, situations can change that necessitate variations to appropriation.

Section 18 of the FMA provides for the Treasurer approving additional appropriation through the use of Treasurer's Advance.

Section 19 of the FMA provides for the Administrator approving, within specified parameters, an increase in Treasurer's Advance.

Section 19 (A) of the FMA allows the Treasurer to increase Commonwealth appropriation where there has been an increase in Commonwealth funding to the Territory.

Section 20 (1) of the FMA provides for the Treasurer approving transfers between appropriation purposes within a financial year.

Section 21 of the FMA allows the transfer of appropriation between agencies following redistribution of government business (public sector restructure).

Appropriation transfers can also affect the Treasurer's Advance, which provides a pool of funds specifically set aside in each Budget to meet one-off unexpected costs that arise during the year and are substantial enough to warrant additional appropriation.

Appropriation transfers change the distribution of appropriation across agencies and the Treasurer's Advance but do not change the total Budget funding approved by Parliament.

Variations to appropriations recorded in the table reflect the net effect on appropriation resulting from Government decisions taken during 2016-17.

Summary Agency Financial Information

A summary for each general government agency's appropriation compares the original 2016-17 Budget to the final approved budget with variations reflecting approved Government decisions. These appropriation changes align with the Variations to Appropriation table. All summaries include explanations of variations over \$1 million or where there is a significant offset resulting in net variations under \$1 million.

Following the application of AASB 1055 – Budgetary Reporting, all general government agencies and government business divisions are required to provide explanations within their financial statements, highlighting significant movements between the original 2016-17 Budget and the actual result for 2016-17. Accordingly, for detailed information on variations in agency budgets versus actual revenue and expenses, refer to the Budgetary Reporting note within each agency's published annual report. Consolidated explanations of movements between the original 2016-17 Budget and the actual result for 2016-17 for the general government sector can be found in Note 45 in the audited section of this report.

Where agencies have been significantly altered as a result of changes to the Administrative Arrangements Order since the original 2016-17 Budget, those agencies have no original 2016-17 Budget stated and the variations compare the May 2017 Estimate to the final approved budget.

UPF Supplementary Tables

These tables are required by the UPF framework and provide detailed information on taxes, grant revenue and expenses, dividends and income tax equivalents, purchases of non financial assets and Loan Council allocations. All tables are based on the general government sector only, except for the Loan Council Allocation table, which is based on the non financial public sector.

Variations to Appropriations Authorised During the Year

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2016-17	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
AUDITOR-GENERAL'S OFFICE	3 152						3 152
Output	3 152						3 152
Capital							
Commonwealth							
NORTHERN TERRITORY ELECTORAL COMMISSION	2 372	2 000					4 372
Output	2 372	2 000					4 372
Capital							
Commonwealth							
OMBUDSMAN'S OFFICE	1 948						1 948
Output	1 948						1 948
Capital							
Commonwealth							
DEPARTMENT OF THE CHIEF MINISTER	79 646	3 615			355	- 20 354	63 262
Output	77 978	3 615			355	- 20 354	61 594
Capital							
Commonwealth	1 668						1 668
DEPARTMENT OF THE LEGISLATIVE ASSEMBLY	24 249	1 337			244		25 830
Output	24 208	1 337			244		25 789
Capital	41						41
Commonwealth							
NORTHERN TERRITORY POLICE, FIRE AND EMERGENCY SERVICES	376 927	1 915			- 733		378 109
Output	329 073	1 915			5 723		336 711
Capital	20 571				- 6 456		14 115
Commonwealth	27 283						27 283
							<i>continued</i>

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2016-17	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
DEPARTMENT OF BUSINESS	191 661					- 191 661	
Output	160 918					- 160 918	
Capital	964					- 964	
Commonwealth	29 779					- 29 779	
DEPARTMENT OF TRADE, BUSINESS AND INNOVATION				516	3 592	169 662	173 770
Output					3 592	148 385	151 977
Capital						964	964
Commonwealth				516		20 313	20 829
DEPARTMENT OF TREASURY AND FINANCE	148 040	900			- 10	605	149 535
Output	148 040	900			- 10	605	149 535
Capital							
Commonwealth							
DEPARTMENT OF INFRASTRUCTURE	420 522					- 420 522	
Output	48 762					- 48 762	
Capital	243 563					- 243 563	
Commonwealth	128 197					- 128 197	
DEPARTMENT OF LANDS, PLANNING AND THE ENVIRONMENT	70 270					- 70 270	
Output	69 941					- 69 941	
Capital	329					- 329	
Commonwealth							
DEPARTMENT OF TRANSPORT	392 790				250	- 393 040	
Output	148 334				1 750	- 150 084	
Capital	113 353				- 1 500	- 111 853	
Commonwealth	131 103					- 131 103	
DEPARTMENT OF INFRASTRUCTURE, PLANNING AND LOGISTICS				3 000	5 419	854 549	862 968
Output					530	239 504	240 034
Capital					4 889	355 745	360 634
Commonwealth				3 000		259 300	262 300

continued

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2016-17	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
DEPARTMENT OF CORRECTIONAL SERVICES	215 761					- 215 761	
Output	209 147					- 209 147	
Capital	6 319					- 6 319	
Commonwealth	295					- 295	
DEPARTMENT OF THE ATTORNEY-GENERAL AND JUSTICE	96 581	5 070		319	8 015	214 177	324 162
Output	89 377	5 070			6 215	206 067	306 729
Capital					1 800	6 319	8 119
Commonwealth	7 204			319		1 791	9 314
DEPARTMENT OF HEALTH	1 140 749	16 931		2 676	- 44 707	- 22 755	1 092 894
Output	1 054 350	16 931			- 14 707	- 30 725	1 025 849
Capital	31 679				- 30 000		1 679
Commonwealth	54 720			2 676		7 970	65 366
DEPARTMENT OF HOUSING	362 744					- 362 744	
Output	82 841					- 82 841	
Capital	56 304					- 56 304	
Commonwealth	223 599					- 223 599	
DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITY SERVICES	188 135				- 120	- 188 015	
Output	184 639				- 120	- 184 519	
Capital							
Commonwealth	3 496					- 3 496	
DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT				4 782	14 031	538 124	556 937
Output					14 031	254 725	268 756
Capital						56 304	56 304
Commonwealth				4 782		227 095	231 877
OFFICE OF THE COMMISSIONER FOR PUBLIC EMPLOYMENT	5 862						5 862
Output	5 862						5 862
Capital							
Commonwealth							

continued

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2016-17	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
DEPARTMENT OF PRIMARY INDUSTRY AND FISHERIES	48 930					- 48 930	
Output	45 803					- 45 803	
Capital	251					- 251	
Commonwealth	2 876					- 2 876	
DEPARTMENT OF MINES AND ENERGY	36 313			2 000	834	- 39 147	
Output	26 265				834	- 27 099	
Capital							
Commonwealth	10 048			2 000		- 12 048	
DEPARTMENT OF PRIMARY INDUSTRY AND RESOURCES				5 086	2 762	88 077	95 925
Output					2 306	72 902	75 208
Capital					456	251	707
Commonwealth				5 086		14 924	20 010
DEPARTMENT OF LAND RESOURCE MANAGEMENT	41 364					- 41 364	
Output	37 559					- 37 559	
Capital	974					- 974	
Commonwealth	2 831					- 2 831	
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES		580			- 48	49 514	50 046
Output		580			- 48	45 709	46 241
Capital						974	974
Commonwealth						2 831	2 831
PARKS AND WILDLIFE COMMISSION OF THE NORTHERN TERRITORY	44 147					- 44 147	
Output	43 887					- 43 887	
Capital	260					- 260	
Commonwealth							
TOURISM NT	48 590				- 1 904	- 46 686	
Output	47 815				- 1 904	- 45 911	
Capital							
Commonwealth	775					- 775	
DEPARTMENT OF ARTS AND MUSEUMS	43 305					- 43 305	
Output	43 260					- 43 260	
Capital	45					- 45	
Commonwealth							

continued

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2016-17	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
DEPARTMENT OF SPORT AND RECREATION	41 836				5 550	- 47 386	
Output	41 836				5 550	- 47 386	
Capital							
Commonwealth							
DEPARTMENT OF TOURISM AND CULTURE		1 844			- 6 502	216 680	212 022
Output		1 844			- 6 502	215 600	210 942
Capital						305	305
Commonwealth						775	775
DEPARTMENT OF CORPORATE AND INFORMATION SERVICES	198 825				- 31 885		166 940
Output	145 407				- 3 270		142 137
Capital	53 418				- 28 615		24 803
Commonwealth							
ABORIGINAL AREAS PROTECTION AUTHORITY	2 716						2 716
Output	2 716						2 716
Capital							
Commonwealth							
DEPARTMENT OF EDUCATION	900 625			18 269	17 912	- 900	935 906
Output	560 604				17 912	- 900	577 616
Capital							
Commonwealth	340 021			18 269			358 290
DEPARTMENT OF CHILDREN AND FAMILIES	175 796					- 175 796	
Output	158 886					- 158 886	
Capital							
Commonwealth	16 910					- 16 910	
TERRITORY FAMILIES				40	22 873	241 395	264 308
Output					22 873	224 485	247 358
Capital							
Commonwealth				40		16 910	16 950

continued

AGENCY/Purpose	Appropriation Act	Variations actioned under the <i>Financial Management Act</i>					Final appropriation
	2016-17	S18	S19	S19(A)	S20	S21	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
CENTRAL HOLDING AUTHORITY	405 211	- 34 192	19 810		4 072		394 901
Treasurer's Advance	30 000	- 34 192	19 810		174		15 792
Interest, taxes and administration	137 749				3 081		140 830
Employee entitlements	237 462				817		238 279
TOTAL APPROPRIATIONS	5 709 067		19 810	36 688			5 765 565
Output	3 794 980	34 192			55 354		3 884 526
Capital	528 071				- 59 426		468 645
Commonwealth	980 805			36 688			1 017 493
Treasurer's Advance	30 000	- 34 192	19 810		174		15 792
Interest, taxes and administration	137 749				3 081		140 830
Employee entitlements	237 462				817		238 279
TOTAL	5 709 067		19 810	36 688			5 765 565

Auditor-General's Office

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000	\$000
Output	3 152	3 152	3 152	
Capital				
Commonwealth				
TOTAL APPROPRIATION	3 152	3 152	3 152	

Significant variances

No variation to appropriation

Northern Territory Electoral Commission

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000	\$000
Output	2 372	4 372	4 372	2 000
Capital				
Commonwealth				
TOTAL APPROPRIATION	2 372	4 372	4 372	2 000

Significant variances

1 Additional funding for the 2016 Legislative Assembly general election 2 000

Ombudsman's Office

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000	\$000
Output	1 948	1 948	1 948	
Capital				
Commonwealth				
TOTAL APPROPRIATION	1 948	1 948	1 948	

Significant variances

No variation to appropriation

Department of the Chief Minister

Appropriation	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	77 978	57 979	61 594	- 16 384	1
Capital					
Commonwealth	1 668	1 668	1 668		
TOTAL APPROPRIATION	79 646	59 647	63 262	- 16 384	

Significant variances

1 Workers compensation and termination payments	3 115
Establishment of a Hydraulic Fracturing Taskforce	3 050
Funding for the 2017 Rugby League World Cup	1 500
Support for the Royal Commission into the Protection and Detention of Children in the Northern Territory	1 500
Establishment of an expert panel to inform development of a Roadmap to Renewables Report	565
Transfer of functions resulting from the public sector restructure	- 20 354
Transfer of funding to the Department of Tourism and Culture for Northern Territory show societies	- 3 100
Transfer of funding to the Department of Corporate and Information Services for the Communications and Marketing Bureau Print Management Unit and Digital Strategy functions	- 1 390
Transfer of funding from 2016-17 to 2017-18 for the Community Champions program	- 1 000

Department of the Legislative Assembly

Appropriation	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	24 208	25 789	25 789	1 581	1
Capital	41	41	41		
Commonwealth					
TOTAL APPROPRIATION	24 249	25 830	25 830	1 581	

Significant variances

1 Additional funding for the 2016 Legislative Assembly general election	1 337
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Northern Territory Police, Fire and Emergency Services

Appropriation	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	329 073	332 041	336 711	7 638	1
Capital	20 571	16 870	14 115	- 6 456	2
Commonwealth	27 283	27 283	27 283		
TOTAL APPROPRIATION	376 927	376 194	378 109	1 182	

Significant variances

1 Transfer from capital to output appropriation for various projects	3 701
Transfer from capital to output appropriation for the 400Mhz Spectrum and Technology Refresh project	2 755
Additional funding for workers compensation and permanent impairment entitlements	1 915
Transfer of funding to the Department of the Attorney-General and Justice for police prosecution services in Katherine and Alice Springs	- 265
2 Transfer from capital to output appropriation for various projects	- 3 701
Transfer from capital to output appropriation for the 400Mhz Spectrum and Technology Refresh project	- 2 755

Department of Trade, Business and Innovation

Appropriation	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000
Output	151 977	151 977	
Capital	964	964	
Commonwealth	20 313	20 829	516
TOTAL APPROPRIATION	173 254	173 770	516

Significant variances

No significant variations to appropriation

Department of Treasury and Finance

Appropriation	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	148 040	149 535	149 535	1 495	1
Capital					
Commonwealth					
TOTAL APPROPRIATION	148 040	149 535	149 535	1 495	

Significant variances

1 Reflects costs for new outsourced workers compensation claims management	900
Transfer of funding from the Department of Trade, Business and Innovation for the Red Tape Abolition Squad	605

Department of Infrastructure, Planning and Logistics

Appropriation	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	
Output	240 034	240 034		
Capital	355 934	360 634	4 700	1
Commonwealth	259 300	262 300	3 000	2
TOTAL APPROPRIATION	855 268	862 968	7 700	

Significant variances

1 Transfer of funding from the Department of Tourism and Culture for various capital works projects	2 450
Transfer of funding from the Department of Education for the Trachoma Schools and Early Intervention Hub	1 520
Transfer of funding from the Department of Health to replace the chillers at Tennant Creek Hospital	730
2 External funding for education facilities	3 000

Department of the Attorney-General and Justice

Appropriation

	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	
Output	301 659	306 729	5 070	1
Capital	8 119	8 119		
Commonwealth	8 995	9 314	319	
TOTAL APPROPRIATION	318 773	324 162	5 389	

Significant variances

1 Additional funding to support the Royal Commission into the Protection and Detention of Children in the Northern Territory, Thoroughbred Racing NT, NT Legal Aid Commission and increased offender management	5 070
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Department of Health

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	1 054 350	1 019 086	1 025 849	- 28 501	1
Capital	31 679	1 679	1 679	- 30 000	2
Commonwealth	54 720	65 366	65 366	10 646	3
TOTAL APPROPRIATION	1 140 749	1 086 131	1 092 894	- 47 855	

Significant variances

1 Additional funding for legal settlements, secure care services and to support the Royal Commission into the Protection and Detention of Children in the Northern Territory	7 493
Transfer of funding from capital to output appropriation for Palmerston Regional Hospital operational expenditure	1 300
Transfer of functions resulting from the public sector restructure	- 30 725
Redirection of funding associated with Alcohol Mandatory Treatment to the Banned Drinker Register initiative	- 2 562
Transfer of funding from 2016-17 to 2017-18 for cardiothoracic and neurosurgical services	- 2 500
Transfer of funding to the Department of Infrastructure, Planning and Logistics to replace the chillers at Tennant Creek Hospital	- 730
Transfer of funding from 2016-17 to forward years (2017-18 to 2019-20) for mental health client housing accommodation support	- 552
2 Transfer of funding from 2016-17 to 2017-18 for the Palmerston Regional Hospital capital equipment budget	- 28 700
Transfer of funding from capital to output appropriation for Palmerston Regional Hospital operational expenditure	- 1 300
3 Transfer of the Alcohol Policy Unit from the Department of Trade, Business and Innovation resulting from the public sector restructure	7 970
Additional funding under the National Partnership Agreement on Adult Public Dental Services	1 432
Funding under the National Partnership Agreement on Pay Equity for the Social and Community Services Sector	1 244

Department of Housing and Community Development

Appropriation

	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000
Output	268 756	268 756	
Capital	56 304	56 304	
Commonwealth	231 877	231 877	
TOTAL APPROPRIATION	556 937	556 937	

Significant variances

No variation to appropriation

Office of the Commissioner for Public Employment

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000	\$000
Output	5 862	5 862	5 862	
Capital				
Commonwealth				
TOTAL APPROPRIATION	5 862	5 862	5 862	

Significant variances

No variation to appropriation

Department of Primary Industry and Resources

Appropriation

	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	
Output	76 376	75 208	- 1 168	1
Capital	561	707	146	
Commonwealth	20 010	20 010		
TOTAL APPROPRIATION	96 947	95 925	- 1 022	

Significant variances

1 Transfer of funding from 2016-17 to forward years (2017-18 to 2018-19) for an agribusiness strategic grants program	- 1 022
Transfer of funding from output to capital appropriation to purchase capital equipment for various projects	-146

Department of Environment and Natural Resources

Appropriation

	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000
Output	45 661	46 241	580
Capital	974	974	
Commonwealth	2 831	2 831	
TOTAL APPROPRIATION	49 466	50 046	580

Significant variances

No significant variations to appropriation

Department of Tourism and Culture

Appropriation

	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000
Output	211 548	210 942	- 606
Capital	305	305	
Commonwealth	775	775	
TOTAL APPROPRIATION	212 628	212 022	- 606

Significant variances

No significant variations to appropriation

Department of Corporate and Information Services

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	145 407	142 137	142 137	- 3 270	1
Capital	53 418	24 803	24 803	- 28 615	2
Commonwealth					
TOTAL APPROPRIATION	198 825	166 940	166 940	- 31 885	

Significant variances

1	Transfer of funding from the Department of the Chief Minister for the Communications and Marketing Bureau Print Management Unit and Digital Strategy functions	1 390
	Net transfer of funding to and from agencies for leases and property management costs	805
	Transfer of funding from 2016-17 to 2017-18 for the Health Core Clinical Systems Renewal Program	- 3 700
	Transfer of funding from 2016-17 to 2017-18 for the ASNEX asset solution	- 1 900
2	Transfer of funding from 2016-17 to 2017-18 for the replacement of the Northern Territory Government Identity and Access Management Systems, the Northern Territory Government Grants Management System and the Health Core Clinical System Renewal Program	- 28 615

Aboriginal Areas Protection Authority

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	2 716	2 716	2 716		
Capital					
Commonwealth					
TOTAL APPROPRIATION	2 716	2 716	2 716		

Significant variances

No variation to appropriation

Department of Education

Appropriation

	May 2016 Published Budget	May 2017 Estimate	Final approved 2016-17	Total variance	
	\$000	\$000	\$000	\$000	
Output	560 604	579 136	577 616	17 012	1
Capital					
Commonwealth	340 021	340 021	358 290	18 269	2
TOTAL APPROPRIATION	900 625	919 157	935 906	35 281	

Significant variances

1 Increased funding for school resourcing	15 500
Storm rectification works in Alice Springs	2 200
Additional funding to government schools for increased student enrolments	2 100
Transfer of funding to the Department of Infrastructure, Planning and Logistics for the Trachoma Schools and Early Intervention Hub	- 1 520
Transfer of the International Education function to the Department of Trade, Business and Innovation resulting from the public sector restructure	- 900
2 Additional funding under the Students First specific purpose payment	17 312

Territory Families

Appropriation

	May 2017 Estimate	Final approved 2016-17	Total variance
	\$000	\$000	\$000
Output	247 358	247 358	
Capital			
Commonwealth	16 910	16 950	40
TOTAL APPROPRIATION	264 268	264 308	40

Significant variances

No significant variations to appropriation

Supplementary Tables

General Government Sector Taxes

	2016-17 Actual	2015-16 Actual
	\$M	\$M
Taxes on employers' payroll and labour force	322	290
Taxes on property		
Stamp duties on financial and capital transactions	105	136
Taxes on the provision of goods and services		
Taxes on gambling	72	73
Taxes on insurance	43	41
Taxes on the use of goods and performance of activities		
Motor vehicle registration fees	68	68
Total taxes	610	608

General Government Sector Grant Revenue

	2016-17 Actual	2015-16 Actual
	\$M	\$M
Current grant revenue		
Current grants from the Commonwealth (including for on-passing)		
National partnership payments	232	392
Specific purpose payments	361	321
General purpose grants	3 603	3 638
Total current grant revenue	4 196	4 351
Capital grant revenue		
Capital grants from the Commonwealth (including for on-passing)		
National partnership payments	245	266
Specific purpose payments	33	19
General purpose grants	23	46
Total capital grant revenue	301	331
Total grant revenue	4 497	4 682

General Government Sector Grant Expense

	2016-17 Actual	2015-16 Actual
	\$M	\$M
Current grant expense including subsidies and personal benefit payments		
Local government	83	103
Private and not-for-profit sector (including for on-passing)	907	816
Grants to other sectors of government	62	57
Other ¹	247	193
Total current grants expense including subsidies and personal benefit payments	1 299	1 169
Capital grant expense		
Local government	10	24
Private and not-for-profit sector (including for on-passing)	82	76
Grants to other sectors of government	32	90
Other ¹	2	61
Total capital grant expense	126	251
Total grant expense	1 424	1 420

1 Includes grants to government and non government schools.

General Government Sector Dividend and Income Tax Equivalent Income

	2016-17 Actual	2015-16 Actual
	\$M	\$M
Dividend and income tax equivalent income from public non financial corporations sector	55	73
Dividend and income tax equivalent income from public financial corporations sector	21	24
Total dividend and income tax equivalent income	76	97

General Government Sector Purchases of Non Financial Assets by Function

	2016-17 Actual
	\$M
General public services	16
Public order and safety	52
Economic affairs	11
Environmental protection	4
Housing and community amenities	149
Health	184
Recreation, culture and religion	42
Education	100
Social protection	11
Transport	205
Total purchases of non financial assets	774

Note: Reported by Classifications of Functions of Government of Australia (COFOG-A), replacing previous Government Purpose Classifications. Accordingly, no comparative year has been provided.

Loan Council Allocation

	Original Budget 2016-17	Actual 2016-17
	\$M	\$M
General government sector cash deficit (+)/surplus (-)	617	432
Public non financial corporations sector cash deficit (+)/surplus (-)	146	41
Non financial public sector cash deficit (+)/surplus (-)	763	473
<i>minus</i> Acquisitions under finance leases and similar arrangements		- 4
<i>equals</i> ABS GFS cash deficit (+)/surplus (-)	763	477
<i>minus</i> Net cash flows from investments in financial assets for policy purposes	17	1
<i>plus</i> Memorandum items		
2016-17 Loan Council allocation¹	746	476

¹ The actual result for 2016-17 is a deficit of \$476 million, a \$270 million improvement from the original 2016-17 Budget estimate of \$746 million deficit.